

# America's Rural Opportunity

*How innovative investment in rural people and places  
strengthens American enterprise*

2017 offers a critical opportunity moment to reshape how our nation invests in rural America. There are rural regions in this country that are pivoting from economic challenge and decline toward innovation and prosperity, but few know about them. We want to draw on their experience to shift how government, philanthropy and the private sector focus and structure future investments in the rest of rural America.

A strong America requires strong rural economies. Our nation cannot live up to its economic or social ideals if the cultivation of opportunity is concentrated only in urban areas. Rural America:

- Is both the home and the steward of abundant natural resources on which the American economy depends, and through which the American spirit is nourished.
- Is the primary domestic source of food and energy consumed by all of America – with the potential to supply even more and reduce dependence on outside sources.
- Is critical to the nation's ability to provide clean water through healthy forests and sustainable agriculture.
- Is the locus for the manufacturing, energy, agriculture and forestry sectors that drive much of the wealth generation at the foundation of America's economy.
- Shelters nearly one-fifth of America's population – and raises more than that share of its children.
- Is called home by a disproportionately larger share of America's current combat forces as compared to urban America – based on Iran and Afghanistan casualty rates.
- Is diverse in its people; people of color accounted for three-quarters of rural and small town population growth since 2000.
- Is increasingly a place where immigrants settle, start and grow new businesses that create local jobs.
- Provides a willing and able testing ground for policy and practice innovation that can be adapted in cities, towns and regions nationwide.

## **Rural Development Innovation Group**

This brief overview offers the opening perspective of the Rural Development Innovation Group, a diverse set of practitioners, intermediaries and funders who are deeply engaged in rural community and economic development across the United States.

Government and philanthropic investment has yet to fully recognize the latent potential and innovation in rural America's people, places and businesses. Rural community leaders typically have the most knowledge about what their communities need to succeed. Their challenge lies in assembling the right constellation of resources—human, political, and financial—to get there. We believe:

**Rural America is an asset, and with the right resources can return  
even more to the country as a whole.**

The ideas are there. The strategies are there. The energy is there. What we need is the partnership of the rest of America – the urban and suburban areas that depend on our rural landscapes and people for food, water, energy, fiber, recreation and much more—to put it all together.

This partnership must manifest in many ways. As the federal administration and leadership changes, and philanthropy leaders seek more impact, our Group is focused on reshaping federal policy and philanthropic investment to spark and accelerate greater rural advances.

As we begin our work towards specific recommendations for changes in federal policy and philanthropic investment, we are guided by experience that brought us to these shared realities and principles:

### **Innovation is driven by people, ideas and markets.**

- Investment in entrepreneurial people is as important as capital investment. Many programs provide capital for specific business transactions, but few support the other tools necessary for entrepreneurial success. Just as in venture capital, investing in enterprising people is critical to build competency in rural places, which must dig deeper into their talent pool to fill leadership positions.
- Capitalizing on market opportunities requires integrated and collaborative solutions. Because they wear multiple hats in the community, rural people are naturally resourceful. However, the “project” funding available to rural places does not allow the flexibility they need to work in integrative, systemic ways to achieve results that last.
- Regional approaches are required to effectively connect rural and urban markets. In geographically large rural places with small populations, assembling the critical mass of people, ideas, resources and connections needed for success often requires working across sectors and geographic boundaries.
- Community-centered intermediary organizations are essential to successful rural community and economic development. These organizations engage the community in developing visions and solutions. They provide the technical and financial support to conceive and complete complex initiatives.

### **Innovation requires investment scaled to modern rural realities.**

- Short term investments will not yield desired long-term results. Many government and financial resources available to rural places miss this reality. Those who want lasting solutions must recognize the need to be patient investors committed for the longer term.
- The entry thresholds for investments often lock out rural players. Rural organizations often cannot operate at the numerical threshold – e.g., deal size, jobs created, population served – that investors require. For federal funding, meeting local match requirements can be a barrier to entry.
- Rural projects are often of a smaller scale than investors seek. Investors typically are looking for “scale” – large numbers and volume. In rural, a project’s progress from its starting point is more important than its size. Indeed, well-structured rural investments can provide rates of return comparable to those in urban areas.
- Investors in rural must have a different expectation for return on capital. The expectations for return must go beyond financial to include a broader range of rural outcomes – natural, social, economic and infrastructure – that are essential to building thriving rural-urban markets over time.

In the coming months, our Group will continue to refine shared understanding and principles and begin to envision how they can be reflected in federal policy and philanthropic strategy. Specifically, we will be recommending ways that federal agencies and philanthropic institutions can better support rural America. We will also explore partnerships to turn our ideas in to better opportunities for rural places in the next Farm Bill.

### **We invite your ideas, feedback and partnership to take advantage of this moment.**

- **Follow us on twitter [@ruralinnovators](#).**
- **Share your stories with us using [#ruralinnovation](#) or by visiting us on the web [as.pn/rural](#).**