Asset-Based Economic Development in Rural America

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How can rural communities succeed and prosper in the 21st-century global economy without losing their treasured sense of identity and unique natural and cultural resources? Traditionally, rural economies were largely based on resource-dependent industries, such as agriculture, forestry, or energy production. Advances in technology, shifting global tax and labor policies, and evolving business practices have forced rural areas to rethink how they approach economic development and job creation. In response to this concern, some rural regions and communities are evaluating and capitalizing on their assets to build economic competitiveness, local capacity, and community prosperity in a sustainable way. These efforts represent a growing trend in how rural America is approaching economic development through a sustainable development framework.

Rural assets are often assumed to be land-based resources. Indeed, the management of open space, forests, agricultural lands, food and water supplies, and other features are critical for rural and urban public health, food security, resource-based industries, and recreational opportunities. But rural places also need to protect and revitalize their existing developed areas, decide how and where to grow, clean up contaminated property, and grow thriving businesses. Many rural communities are working to identify ways to preserve their cherished landscapes and critical resources and also to create vibrant, lasting communities that offer reliable and affordable transportation choices and access to affordable housing and high-wage jobs that are attractive to young people and families.

To achieve these goals, some rural regions and communities are taking an asset-based approach to economic development that seeks to generate wealth and keep it local. This approach resonates with sustainable development principles, such as supporting existing neighborhoods; strengthening critical capital investments; and protecting and enhancing cultural heritage, historic features, and natural assets, including working landscapes1 and wildlife habitats.

This paper presents several examples of how leading rural economic development practitioners, planners, and policymakers are using an asset-based approach to build local wealth from the ground up. While this may be an emerging trend, it is also a logical, even obvious approach to economic development. Yet, further research is needed to evaluate the efficacy of these approaches, and engage a wider community of stakeholders in a conversation of how rural

1 Working landscapes refer to land used for agricultural production, watersheds, recreation, mining/quarries, and products and activities of value.
communities can succeed and prosper in the twenty-first century global economy, without losing their treasured sense of identity and unique natural and cultural resources.

**Asset Development in Western North Carolina**

Western North Carolina has launched several initiatives that promote the region’s economic competitiveness by building on and enhancing its assets. The *EvolveEnergy Partnership* is a public-private coalition aiming to boost the region’s emerging clean energy industry cluster. The initiative addresses energy efficiency, renewable energy, and alternative fuels and vehicle development in a 31-county region. With federal and state funding, this partnership among six councils of governments and Advantage West, a nonprofit public-private economic development agency, is seeking to understand the clean energy sector and establish western North Carolina as a hub.

The goals of the initiative are to create jobs, improve energy security, ensure economic competitiveness, and promote regional sustainability by harnessing the region’s existing resources through clean energy innovation. The region imports $3.2 billion in energy supply annually; regional leaders realized that redirecting these dollars to clean energy sources within the region would be an excellent way to retain wealth within the region, ensure a more secure energy supply delivery system, and promote sustainable energy sources.

The region’s competitive advantages include a rapidly growing clean energy business sector and strong workforce development, entrepreneurial and social infrastructure, as well as a wealth of natural resources suitable for renewable energy development. To leverage these resources, the project is coordinating the various players around a unified vision and a cohesive leadership model. This model is supported by in-depth data analysis to better understand the existing energy supply chains and the challenges in developing a clean energy hub.

The five core components of the program are a supply chain gap and cluster analysis that will guide decision-making; a leadership coalition to provide overall project guidance; a web-based professional networking platform; a marketing, branding, and business outreach campaign; and capacity-building and planning support for local governments.

The Land-of-Sky Regional Council (LOSRC), the council of governments that serves the four-county Asheville region, is leading the partnership. Joe McKinney, LOSRC’s executive director, notes that this initiative fits into the larger puzzle of regional and national sustainability.

Weaving energy infrastructure issues into regional economic resilience, smarter transportation networks, and environmental stewardship programs creates a broader picture of what regional sustainability means. Additionally, energy infrastructure development represents an opportunity for rural and urban communities to better collaborate on issues of regional concern.

A second LOSRC initiative that builds on the region’s assets is a business capacity-building program that supports the region’s burgeoning forest-based industries. In 2009, LOSRC was awarded $1.9 million in American Reinvestment and Recovery Act (ARRA) funding through the U.S. Department of Agriculture Forest Service to support the development of a more competitive forest-based industry in western North Carolina. The goal of the program, branded the WNC
Forest Products Cooperative Marketing Project, was not only to provide short-term stimulus to the local economy by hiring unemployed and under-employed local forest producers, but also to build capacity and better develop the forest product industry in the long term.

Using research that documented threats to the forest-based industry (namely, encroaching residential development fragmenting important forest lands), LOSRC conducted outreach to the forest-based industry stakeholders in the region. This effort revealed the industry’s capacity gaps and the specific challenges facing small businesses and family enterprises. Forest-based businesses reported that marketing assistance, cooperative approaches, and collaboration opportunities would help these businesses connect with local and regional markets and take advantage of more streamlined business processes.

Through a competitive review process, LOSRC awarded a total of $1.5 million of the $1.9 million it received to 15 forest-based businesses. The project led to 164 jobs directly and supported more than 68 additional jobs, with an estimated community financial impact of $4.2 million. Since the grant ended in July 2011, the job retention rate remains over 90 percent.²

An additional four cooperating organizations received $340,000 to provide technical assistance, workshops, and marketing and branding services. Applicants worked with LOSRC staff and other technical experts to improve their internal business practices and get help with legal and accounting services, branding, retail packaging, green label certification, customer searches, web-based marketing, and other services. The market research, customer calls, and equipment improvement research was done by the producers themselves so that the intellectual capital would remain with the forest producers. The program also funded a workshop series for forest landowners and small business owners.

One aim of the project was to nurture niche markets and facilitate local entrepreneurs’ connections to purchasers of unique products, such as handcrafts or sustainably produced Appalachian designs. The types of jobs covered a broad range of skills, including logging, forestry, small sawmill operation, furniture manufacturing, and more.

Most importantly, the WNC Forest Products Cooperative Marketing Project was a bottom-up initiative, guided by forest producers and forest product consumers. This project placed an emphasis on diversification and business expansion to ensure the businesses’ long-term viability and build the region’s capacity for jobs and industry growth after the ARRA grant ended.³

**Creating Wealth Using a Systems-Based Approach**

The Wealth Creation in Rural Communities initiative (developed by the Ford Foundation, Yellow Wood Associates, the Rural Policy Research Institute, Aspen Institute, and others) is rooted in the concept that rural America needs to approach economic development in a way that

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³ For more information about the WNC Forest Products Cooperative Marketing Project and specific grantees, visit [http://wncforestproducts.org](http://wncforestproducts.org).
generates multiple forms of wealth and keeps that wealth local. Historically, “the resources and assets of rural communities—their natural resources, agricultural bounty, workers, and young people—have flowed out of rural areas.” The rural wealth creation approach looks at rural communities and economies as systems made up of interconnected players—such as producers, processors, consumers, small towns, larger regions, businesses, families, institutions, and more—that constitute shared economic networks, or value chains. These value chains are embedded with shared values and mutual benefit for each component of the system. Looking at economic development through this lens encourages reciprocal relationships, better connects markets with consumers and rural areas with urban areas, and builds wealth that stays within the value chain.

The wealth creation approach also views wealth as something bigger than financial or economic success. In addition to the financial capital (unimpaired financial assets) of a community, it also takes into account natural capital (such as natural resources), social capital (community building), individual capital (personal skills and health), built capital (infrastructure), intellectual capital (knowledge and innovation), and political capital (harnessing power to achieve community goals). The wealth creation approach seeks to build the prosperity of the entire economic system of a region or community so no one type of capital is favored at the expense of another.

As the project partners honed this framework, they also began testing it with practitioners in Central Appalachia in several states, the Alabama Black Belt and the mid-south Delta in Mississippi, and the Lower Rio Grande Valley in Texas. These practitioners are applying the wealth creation framework to specific sectors in their regions. For instance, the Central Appalachian Network is using the framework to build sustainable agriculture value chains by identifying and filling gaps in the chain with training, capacity building, and physical resources such as equipment. Other grantees in Central Appalachia are building value chains around energy-efficient affordable housing, clean energy, and sustainable forestry wood products. Each of these projects is identifying community assets, finding the gaps that are inhibiting positive growth, and identifying ways to fill those gaps and strengthen the value chains to build multiple forms of wealth that benefit the entire system and the larger community.

**Next Steps**

How rural America approaches economic development in the coming years is a critical piece of the national conversation on smart growth. As a nation, we need new approaches to economic development and wealth creation of all forms, in all types of communities. Rural communities are aware that traditional approaches to rural economic development may not always be the most effective methods to promote a community’s quality of place, protect its resources, attract and retain young workers and families, or create wealth that stays local. Rather, rural areas, small

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5. A value chain is “a business model based on shared economic, social, and environmental values, in which producers, processors, buyers, and others work together to create value. Because value chains are built in response to market demand, they can be more responsive and innovative than traditional supply chains.” [http://www.creatingruralwealth.org](http://www.creatingruralwealth.org).
6. For much more information about the rural wealth creation framework and its applications with practitioners, visit [http://www.creatingruralwealth.org](http://www.creatingruralwealth.org).
towns, and communities need to invest in their distinctive assets and develop community-driven strategies to attract and retain the types of businesses and jobs they need to remain viable, attractive, healthy communities.

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