PARTNERS FOR RURAL TRANSFORMATION

Rural Funding Guide

Creating Pathways to Rural Prosperity

Rural America is an essential thread in the fabric of our nation. Rural Americans produced the cotton in your clothing, harvested the food you've eaten today, provided the steel and lumber that reinforce the buildings you see around you, and generated the energy for heat and air conditioning that keep you comfortable. This is just the start of the breadth of what rural communities contribute to our nation.

Despite our national economy's dependence on the multitude of resources in rural places, rural communities often struggle to access the investment necessary for their own success. The lack of public, private, and philanthropic investment created and allocated with rural places in mind, combined with extractive economic structures, results in poorer outcomes —from health to education to job opportunities— compared to larger cities. Yet, entrepreneurship, social, and natural capital are plentiful, and reflect the potential of rural places.

Investing in rural communities requires more than writing checks. It requires trust, patience, and a genuine desire to fund the building blocks of our local economies: schools, homes, small businesses, grocery stores, manufacturing, and farms.

It's time to strengthen our nation by investing in rural economies.

Did you know?

Entrepreneurship is NEARLY 2 TIMES HIGHER in rural places.

In rural, 23.4% own startups, as compared to 12.2% in urban (per 1,000).

Federal Reserve Bank St. Louis, *Investing in Rural Prosperity*, 2021

How to Invest in Rural With Maximum Impact

PRT partnered with Aspen Institute Community Strategies Group to better understand what it takes to fund rural futures from a regional perspective. That research identified four principles: equitable funding; investing in systems, organizations and people; strong partnerships; and effective funding outcomes. PRT interviewed local rural practitioners on how those principles translate to on-the-ground work. The result was **eight practices** that demonstrate how funding should flow to maximize impact in rural communities.

Practices Local Practitioners Bring

Put Community Voice First
Build Community Adaptability
Support Regional Approaches
Form Trusted Partnerships

Practices Funders Bring

Make Capital Accessible
Increase Flexible Capital
Grow Grant Capital
Provide Multi-Year Support

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The Practices

Put Community Voice First

Having prescribed solutions excludes the most important aspect of rural and Native community development work: the voice of the people who live there. While often discounted, it is imperative that community development efforts are driven by conversations with local leaders and community members, instead of focusing on generating buy-in for a pre-determined idea. Community members are the experts for their community's needs. Following their voice is essential for investments to have a meaningful and lasting impact.

Build Community Adaptability

Local and regional organizations are critical partners to funders who bring the knowledge needed to imagine, plan, and implement solutions. Communities need to be able to adapt and pivot as new situations arise, and respond appropriately as their economy ebbs and flows. Increasing a community's adaptability will benefit their region and reduce perceived risk for new investors.

Support Regional Approaches

Investments that support the broader community and economic ecosystems and build on existing place-based assets create opportunities for multiple communities to benefit collectively. Intentionally investing in collaborative initiatives, whether across industries or regions, requires knowledge of the region's history, strengths and desires. Connecting and investing in cross-sector solutions and partnerships can catalyze impact.

Form Trusted Partnerships

When funders form partnerships with local people to better understand a place, the result is more effective and transformative outcomes. A necessary aspect of relationship-building is visiting rural places and people in person to engage in generative dialogue, learning firsthand how funding may or may not translate well in that community. Funders should invest in building trust with the people and places, rather than simply completing a transaction.

Make Capital Accessible

The myriad obstacles that exist before acquiring funds make the cost of funding unaffordable for rural applicants. Public and private applications are complicated, often require matching funds, and have arduous reporting requirements. It takes time, data, technology, and resources that many rural organizations and leaders do not have. These barriers are deterrents to applying, even when funds specifically target rural. More needs to be done to simplify the process of accessing and using funding meant for these places and people.

Increase Flexible Capital

Operational funding makes it possible for organizations to invest in their staff, equipment, and longevity. Flexible funding allows local leaders to identify and implement targeted strategies that can make a meaningful difference in their community. It enables leaders to measure and collect data to understand the needs or efficacy of a solution and make decisions for future funding. Providing flexible operating dollars gives local organizations the autonomy to invest in both the work and the people needed to make it happen, increasing short and long-term impact.

Grow Grant Capital

Many rural communities receive grants, but not at the scale needed to leverage other private and public dollars. Most rural communities do not have a robust tax base or other forms of revenue needed to access or repay this type of capital. These communities need grants that make the cost of funding affordable so that dollars have the most impact. Creating grant set-asides and increasing grant awards is critical to addressing complex multidisciplinary issues, like building stronger local and regional institutions and generating job creation.

Provide Multi-Year Support

The multi-faceted nature of persistent and generational poverty in these regions will require reliable and consistent investment over time. Multi- year funding of at least 3 years allows communities to build a strong foundation, plan for their future, and attract even more resources. It also allows time for testing and learning what works well and what needs improvement. Multi-year funding is the key to providing funding that creates true, tangible community development.

This work is supported by

rwjf robert wood johnson foundation