

Ratcheting Up Rural Response, Recovery and Resilience

Five Good Ideas
for Philanthropy
Right Now



Today's Event Partners

The Rural Development
Innovation Group

Community 
Strategies Group

 THE ASPEN INSTITUTE

 UNITED PHILANTHROPY
FORUM
A network for the common good

Moderator: Janet Topolsky
Aspen CSG

RURAL LISC

 **HAC**

 Rural Community
Assistance
Partnership

Ratcheting Up Rural Response, Recovery and Resilience

Objectives

- Raise the importance and understanding of key factors that are important for rural recovery.
- Profile Five Ideas that would improve both rural recovery and regional resilience.
- Offer on-the-ground experience related to each Idea – including practitioner and funder perspectives.
- Provide opportunity for participants to ask questions – and contribute their ideas, experience and advice.

Ratcheting Up
Rural Response,
Recovery and
Resilience

Exchange Format

- **Hour 1: 2:00 – 3:00 p.m. ET**
Rural practitioners and funders will briefly profile each of the Five Good Ideas.
- **Hour 2: 3:00 – 4:00 p.m. ET *Optional***
Join a breakout to explore the Idea that most interests you. *Format: Open questions and answers, ideas and advice sharing.*

How were these five ideas selected?

- The Exchange partners – starting with the [Rural Development Innovation Group](#) – solicited ideas critical to on-the-ground practitioners.
- Narrowed list to five ideas, using these criteria:
 - Needs sources of investment or funding
 - High potential for leveraging more resources into the region
 - Has short-term benefit/rationale – and is critical to long-term benefit/recovery/resilience
 - May not be on some funders' radar screens (as much as some other ideas)
 - Mix of relatively simple to more complex
- Other ideas are important to rural (e.g., broadband access, immediate health and wellness needs). *Fund those too!*

Ratcheting Up Rural Response, Recovery and Resilience

Context

- The ravages and inequitable impact of Covid-19 was the context in which this effort started.
- That includes **geographic** inequity, in addition to the disproportionate impact of COVID-19 on **people of color** in rural (and all) America.
- People of color are the **fastest growing population in rural** – and responsible for producing and providing critical resources and services for all Americans.
- Rural recovery and resilience – and how and where it is focused – is an **essential component** of addressing and redressing structural racism in this nation.

Ratcheting Up Rural Response, Recovery and Resilience

The Five Ideas

1. Help “rural” navigate and access the best available assistance resources.
2. Increase the capacity of rural-serving CDFIs, MDIs & revolving loan funds.
3. Invest the catalytic capital of place-based philanthropy in the community.
4. Strengthen regional industry value chains.
5. Build a region’s preparedness, resilience and emergency partnerships.

For Each Idea...

Hour 1

- **Rural Practitioner** sets the context:
 - Overview on the particulars of the idea
 - Why is this a good idea right now?
 - Some lived or known experience
 - Short and long-term benefits
- Rural **Funder** and/or **Recipient of Funding** for this idea:
 - Rationale for funding
 - What happened?

Hour 2

OPTIONAL...but...

- You choose the Breakout Room for the idea that you most want to explore.
- Join that Zoom Room link.
- Led by the Hour 1 speakers –a Room Monitor will help track questions and who speaks next.
- No agenda, other than:
 - Your Questions
 - Your value-adding experience and ideas

And last before we start...A little Housekeeping

- Your mics are muted for this first hour.
- If you have any **tech** issues, please use the **Chat** box. We have people standing by to address!
- You will enter the breakout room of your choice in Hour 2 simply by using that room's Zoom breakout link.
 - You should have received an email with links to the Zoom Idea Breakout Rooms already.
 - We will send those links again during Hour 1 to every registered participant's email.
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- PowerPoint already available on www.aspencsg.org

Idea 1
Help “rural”
navigate and
access the best
available assistance
resources.

John Molinaro

President
Appalachian Partnership Inc.
Nelsonville, Ohio



Antony Chiang

Chief Executive Officer
Dogwood Health Trust
Asheville, North Carolina



Idea 1

Help “rural” navigate and access the best available assistance resources

Focus:

- Help rural communities and organizations learn about available public and private resources that could be used for response and recovery.

And/Or

- Once resources are identified, help rural communities and organizations succeed in doing what they must do to access the resources and use them well.

Idea 1

Help “rural” navigate and access the best available assistance resources

Situation/Gap

- Many rural communities and organizations have no staff with the responsibility or time to:
 - Sift through the soup of government, philanthropic and private sector program opportunities.
 - Understand program qualifications, restrictions, and how they might be used to address either COVID-19 immediate situations or their area’s medium-long-term recovery needs and aspirations.
 - Apply for available resources – or form collaboratives to apply.
 - Capacity even shorter during disaster – greater demands on staff in both work and personal lives.
- Some programs require “skin in the game” like a local dollar match – mighty hard to come by in rural at any time, and nearly impossible at this COVID-19 moment.
- Difficult to compile information needed for an application, to meet “scoring” thresholds, and, if you get the funding, to create systems required to track and measure outcomes (especially with rural data).

Idea 1

Help “rural” navigate and access the best available assistance resources

Philanthropy Can Fund:

- **Shared information capacity/resource** at federal, state or local level to sift through programs and their uses – so that multiple rural communities and organizations can tap the same trusted, comprehensive, constantly updated information.
- **Shared expert analysis and writing assistance** to help rural organizations and collaboratives do the thinking, data crunching, materials preparation, partnership development, and technical writing needed to develop excellent, qualifying timely applications for government, private and philanthropic resources.
- Provide the “local” **matching funds** that rural places, organizations and collaboratives must produce in order to access some government resources.
- Approaches and **systems** to aid recipients in the **tracking and measuring activities and outcomes** that they need for funding and grant reports – and for their own continuous improvement.

Idea 1

Help “rural” navigate and access the best available assistance resources

Immediate Benefits

- Rural places access resources they might miss out on – and as early as possible during an emergency or crisis
- Can leverage 20 to 100 times its cost, or more, in increased and more timely access to benefits to aid in recovery.
- Disaster mitigation for local people, places and firms – more can ride out the emergency situation.

Medium- to Long-Term Benefits

- Rural communities and organizations learn about resources they might use in the future – and how to access them.
- Rural people, places and firms that receive funds are more likely to restabilize, get back on their feet and back to business over the medium term – rather than slide into further decline.
- The expertise and navigation providers become more practiced at looking at government/private/independent sector programs with a “rural lens.”
- That sharpened expertise can be tapped to design future efforts better – to remove structural barriers that exclude or have an unintended negative impact on rural.

Idea 1

Help “rural” navigate and access the best available assistance resources.



Some lived experience...

Idea 2

Increase the capacity
of rural-serving
CDFIs, MDIs &
revolving loan funds.

Dennis West

Senior Advisor
Northern Initiatives
Marquette, Michigan



Chrystel Cornelius

Executive Director
First Nations Oweesta Corporation
Longmont, Colorado



Idea 2

Increase the capacity of rural-serving CDFIs, MDIs & revolving loan funds.

Focus:

- Provide assistance to Community Development Financial Institutions, Minority Depository Institutions and revolving loan funds that lend to for-profit and non-profit businesses in underserved rural places and in Indian Country:
 - For lending
 - and*
 - For the operational and staff capacity they need to provide technical assistance that local firms need to survive through the crisis and get back into business.

Idea 2

Increase the capacity of rural-serving CDFIs, MDIs & revolving loan funds.

Situation/Gap for Rural Firms

The current situation has severely strapped Community Development Financial Institutions (CDFI), Minority Depository Institutions (MDI) and other revolving loan fund (RLF) capacity to assist rural small businesses and nonprofits:

- PPP required that firms apply to their local lender to secure PPP loans. Many rural communities are “bank deserts” with no brick and mortar bank. *Housing Assistance Council (HAC) research: 342 rural counties lost 25% or more of their bank branches from 2010-2019.*
- Some urban banks that hold rural accounts require that a firm have more than just a checking account to apply to that bank for PPP-funded loans.
- The early rounds of the Paycheck Protection Program (PPP) of the CARES Act created threshold barriers that essentially locked out many of the smaller CDFIs, MDIs and RLFs – most of which serve communities of color, poorer communities and/or rural communities – from participating in PPP.
- Some of those barriers were removed in early May – and just last week Treasury set aside \$10 billion for CDFIs. But earlier policy created a backlog of demand from rural businesses seeking assistance.

Idea 2

Increase the capacity of rural-serving CDFIs, MDIs & revolving loan funds.

Situation/Gap for CDFIs (continued)

- In the meantime, many rural-serving CDFI, MDI and RLFs have deferred payments from their existing loan customers – a common practice when their customer firms experience temporary difficulties repaying their loans. However, with COVID-19 crisis, nearly every business in the lenders' portfolios need relief at the same time.
- CDFIs are, therefore, not receiving interest payments on their loans – which they normally use to cover their operating costs.
- This is happening at just the time when rural firms most also need “special sauce” TA and counseling services that rural-serving CDFIs, MDIs and RLFs provide.
- On top of that, some CDFIs and other loan funds are learning that their own organizations may not be eligible to apply for a PPP loan.

Idea 2

Increase the capacity of rural-serving CDFIs, MDIs & revolving loan funds.

Philanthropy Can Fund:

- **Provide flexible operating capital** grants to help rural-serving CDFIs, MDIs and other RLFs with the staffing and systems they need to weather their own cash-flow crunch and assist as many companies as possible with loans and TA to get past this crisis. (Or transition current grants to operating capital.)
- Contribute – or assemble a collaborative of funders and donors – to **create new loan pools or increase the size of existing loan pools** focused on rural small businesses.
- Make grants to increase the loan funds' **loan loss reserve** – to help them leverage their funds and strengthen their solvency.
- Make **program-related investments** (loans, loan guarantees, equity) in rural revolving loan pools managed by CDFIs, MDIs or RLFs.
- **Invest** a set-aside percentage of the foundation's **endowment portfolio** in CDFIs, MDIs or RLFs serving rural areas.

Idea 2

Increase the capacity of rural-serving CDFIs, MDIs & revolving loan funds.

Immediate Benefits

- The loan funds will be able to meet more demand without sacrificing their own viability.
- More rural small businesses critical to the economy will make it through the immediate crisis.
- More employees of those firms will keep or regain their jobs – and regain some measure of financial footing.
- Rural residents will continue to have access to the goods and services those firms provide.

Medium- to Long-Term Benefits

- Firms assisted may learn new ways of functioning and providing goods and services, and be more capable of future innovation and weathering the next storm.
- Loan funds that expanded capacity and assets during COVID may increase services and/or expand geographies, addressing the growing absence of traditional financial institutions in rural America.
- Both the loan funds and the businesses receiving loans have built relationships and understanding that may lead to future local and regional collaboration on other matters important to economy, worker and community well-being.

Idea 2

Increase the capacity of rural-serving
CDFIs, MDIs & revolving loan funds.



Some lived experience...

Idea 3
Invest the
catalytic capital of
place-based
philanthropy in the
community.

Deb Markley

Senior Vice President
LOCUS Impact Investing
Chapel Hill, North Carolina



Kelly Ryan

Fellow
Heron Foundation
Bete Grise, Michigan



Bonnie Gettys

President
Barry Community Foundation
Hastings, Michigan



Idea 3

Invest the catalytic capital of place-based philanthropy in the community.

Focus:

- Help rural communities creatively and strategically deploy more of their locally controlled philanthropic resources to recover and reimagine a local economy that works for all.

Idea 3

Invest the catalytic capital of place-based philanthropy in the community.

Situation/Gap

- Small business is big business in rural places. Main Street, Side Street and countryside retail, service, recreation, resource and manufacturing firms, nonprofits and social enterprises are the lifeblood of a rural community.
- Many rural businesses and nonprofits have come up short in the wake of COVID-19.
 - Most need financial capital to survive the crisis. But the federal programs have been slow in getting loan capital to rural businesses and nonprofits due to bank deserts (*described in Idea 2*), challenges in finding the right resources and preparing the application (*described in Idea 1*), state distribution formulas that allot little of the available funding to rural – too little to match demand.
 - Some businesses and nonprofits are using all their reserves to survive now – and will need operating capital (supplies, materials) to revive and reorganize how they do business when they reopen.
 - A few have actually grown during the crisis, and will need operating capital to expand.
- In truth, there simply is not enough available in the federal loan pools, nor will there be, to meet all the demand. That will leave many rural businesses and nonprofits with no recourse but to close.

Idea 3

Invest the catalytic capital of place-based philanthropy in the community.

Situation/Assets

- Place-based foundations can use a broader set of capitals and tools – including financial – to help communities recover from this crisis than can many other community institutions.
 - Community foundations
 - Family foundations
 - Health legacy foundations
 - Corporate foundations
- Place-based foundations have a commitment to be **of** and **for** their communities for the long haul, which is the timeframe needed for transformational impact.
- The current crises have elevated the inequities in our economic system – inequities that many place-based foundations recognize and have worked to mitigate, but primarily with grantmaking.
- Now is the time for place-based foundations to center equity and community in strategies for economic recovery and rebuilding. If not now, when? If not them, who?

Idea 3

Invest the catalytic capital
of place-based philanthropy
in the community



Some lived experience...

Idea 3

Invest the catalytic capital of place-based philanthropy in the community.

Place-based philanthropy can:

- Assemble capital from donors or their own resources to **set up and manage their own micro-loan funds** for rural places – individually or collaboratively across a region.
- Commit to **invest a percentage of their endowment** in “place” – meaning in local for-profit and nonprofit businesses and enterprises that meet board-determined criteria.
 - Invest with local CDFIs or other community lenders – which then do the due diligence, lending, technical assistance, and loan servicing, *and...*
 - Assess entire portfolio mission alignment; develop strategy to increase alignment and impact.

National and regional philanthropy can support field development that strengthens:

- Peer-learning, technical assistance, board education and systems development for rural place-based foundations that are new to impact investing or that want to expand their capacity and impact.
- Capacity and collaboration across philanthropy-serving organizations.
- Awareness, collaboration and innovation – including cross-sector, regional and national approaches.

Idea 3

Invest the catalytic capital of place-based philanthropy in the community.

Immediate Benefits

- Essential local businesses (for profit and nonprofit) are supported with local investments.
- Rural businesses and nonprofits are able to keep some services going and/or some costs (rent) paid, and/or some employees paid in the short term – which will produce a local multiplier effect.
- Foundation boards and staff have a “crystallizing moment” – they gain better understanding of impact investing and the will to do that and more – which might have taken years to develop absent the current crises.

Medium- to Long-Term Benefits

- Impact investing strategy can evolve from crisis to increase mission alignment of portfolio **and** increase local capacity, appetite and engagement in creating a community (economy) that works well for all.
- Foundation local investments are driven by community residents and prioritize equity.
- Increase philanthropic resources and power in the decisionmaking hands of those people and communities using catalytic capital
- Place-based philanthropies that model mission aligned behavior can serve as trusted intermediary and steward of community capital(s).

Idea 4
Strengthen
regional industry
value chains.

Ines Polonius

Chief Executive Officer
Communities Unlimited
Fayetteville, Arkansas



Molly Hemstreet

Executive Co-Director
The Industrial Commons
Morganton, North Carolina



Idea 4

Strengthen regional industry value chains.

Situation/Gap

- Globalization has disproportionately affected rural communities:
 - Jobs and firms lost in once-critical sectors of our rural economy, like textiles, agriculture, furniture and wood products.
 - Due to vertical integration and outside ownership, rural-based retail and production firms can't always make their own decisions about the businesses they run.
 - Ability to secure fair prices and essential products subject to threats: disaster situations and unpredictable trade policy.
- Lack of local control and the local production of some parts and service components in a supply chain leave the entire nation vulnerable to unreliable global supply chains in a time of deep crisis.
- COVID-19 has revealed:
 - Our national resilience requires better-connected domestic industrial capacity, within and across regions.
 - How local public and private enterprise has – or has not – been able to fill critical gaps in goods and service
 - No one entity can easily respond to a need or opportunity – or devote their entire capacity to a response.
 - A moment when people can see the mutual-benefit value of nimble regional self-reliance, building stronger essential industry supply chains, and filling gaps with local (rather than global) enterprise.

Idea 4

Strengthen regional industry value chains.

Focus:

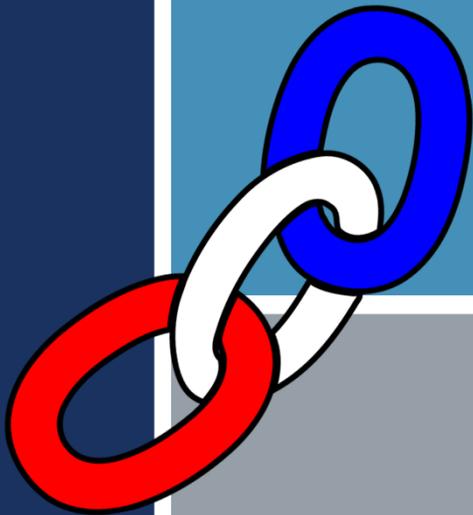
- Help assemble and strengthen region-spanning industry value chains that contribute to rural, regional and national resilience.

What is an industry value chain?

- A value chain is a network of people, businesses, organizations and agencies addressing a market opportunity to meet demand for specific products or services – advancing self-interest while building rooted local and regional wealth.

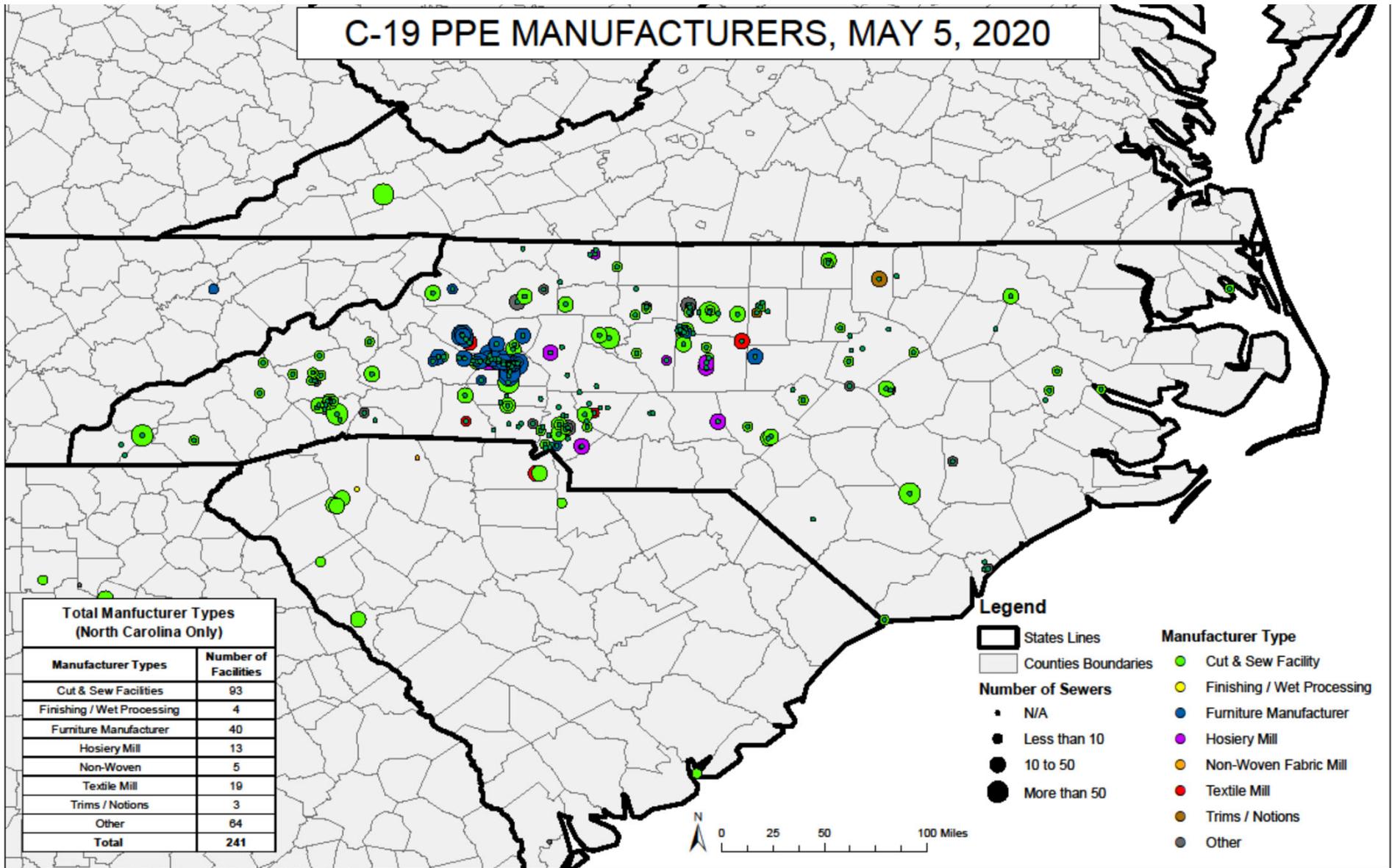
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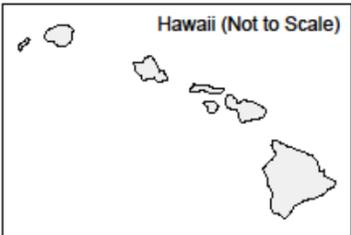
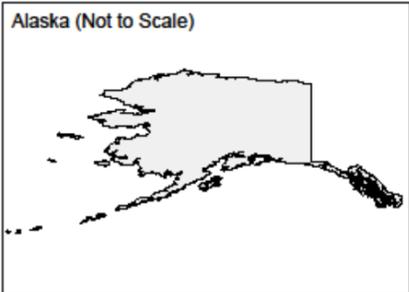
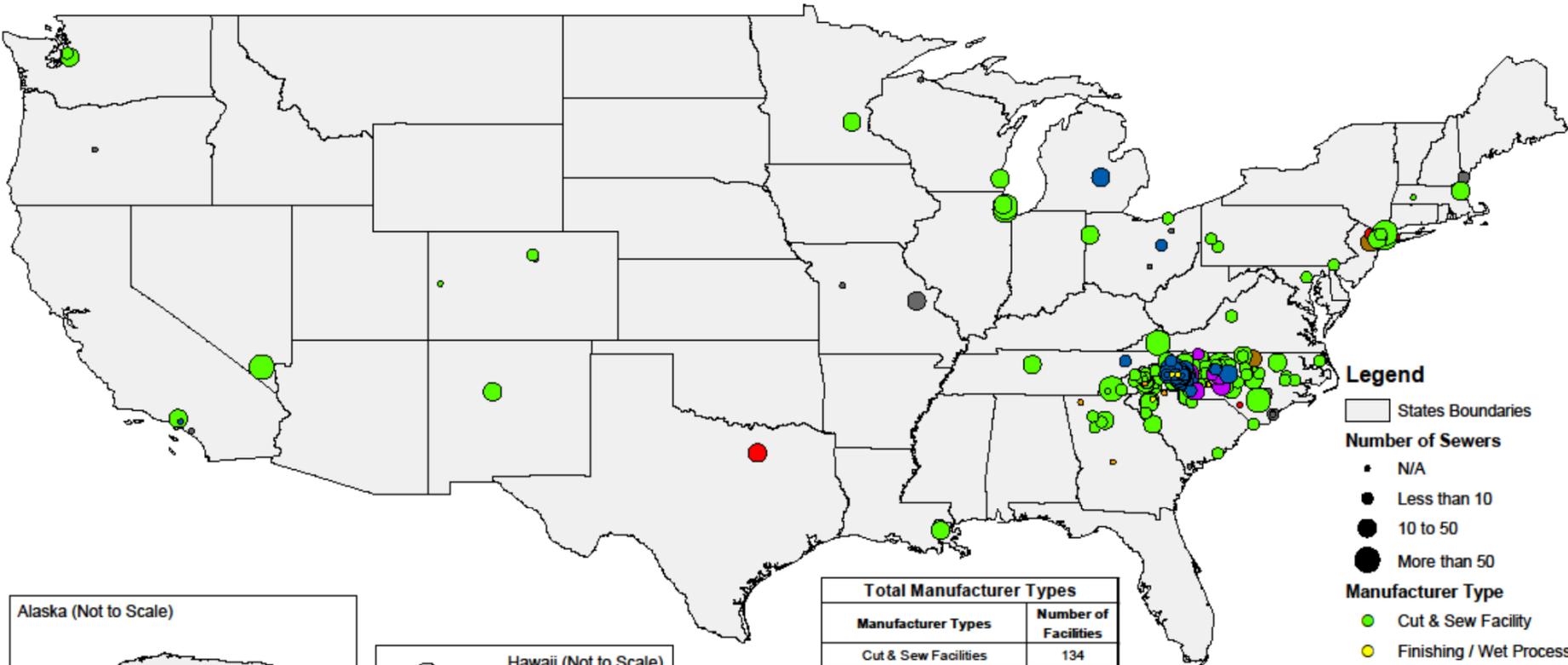


Some lived experience...

C-19 PPE MANUFACTURERS, MAY 5, 2020



C-19 PPE MANUFACTURERS, MAY 5, 2020



Total Manufacturer Types	
Manufacturer Types	Number of Facilities
Cut & Sew Facilities	134
Finishing / Wet Processing	5
Furniture Manufacturer	44
Hosiery Mill	13
Non-Woven	9
Textile Mill	27
Trims / Notions	4
Other	84
Total	320

Legend

States Boundaries

Number of Sewers

- N/A
- Less than 10
- 10 to 50
- More than 50

Manufacturer Type

- Cut & Sew Facility
- Finishing / Wet Processing
- Furniture Manufacturer
- Hosiery Mill
- Non-Woven Fabric Mill
- Textile Mill
- Trims / Notions
- Other



Idea 4

Strengthen regional industry value chains.

Philanthropy can support during crisis response:

- **Loans or operating capital** to help value chains seize sudden opportunities or address sudden crises by developing local production, product, partnership and market access and distribution solutions.
- Rapid prototype **pilots**.

Philanthropy can support for longer term resilience and recovery:

- Rural development hubs, development agencies or others to serve as **Value Chain Navigators or Coordinators**.
- Investment in **local enterprises that fill action/business gaps** in a regional value chain – or that reduce waste or increase efficiency.
- **Ongoing** industry value chain **analysis** of regional value chain success, gaps, and needs that could inform future “resilience action.”
- **Training** for rural development agencies/staff to incorporate regional value chain research and thinking as a standard practice in their ongoing and future work.

Idea 4

Strengthen regional industry value chains.

Immediate Benefits

- Local private and social enterprise lands opportunity that would go elsewhere – securing employment and strengthening local capacity.
- Critical goods and services are available more quickly.
- No time like the present: Analysis during the COVID-19 moment presents an ideal time to spot weaknesses in regional production and service chains – can lead to wiser action sooner.

Medium-Long-Term Benefits

- Increased flexibility, know-how and ability to produce and supply critical goods and services.
- Increased local ownership of enterprise – and control over decision-making.
- Increased regional resilience in times of crisis.
- Drive industrial renewal, employment, and wealth creation in sectors critical to the local areas and the nation.
- Constructive regional relationships and collaboration – can lead to positive regional action on other issues.

Idea 5
Build a region's
preparedness,
resilience and
emergency
partnerships.

John Cooper

Assistant Vice President
Public Partnership and Outreach
Texas A&M University
College Station, Texas



Nancy Van Milligen

President and CEO
Community Foundation of Greater Dubuque
Dubuque, Iowa



Erin Coryell

Program Officer
Disaster Relief and Recovery
Margaret A. Cargill Philanthropies
Eden Prairie, Minnesota



Idea 5

Build a region's preparedness, resilience and emergency partnerships.

Focus:

- Help rural “hub organizations” work with local partners to prepare, respond and recover from disasters that threaten economic, environmental and cultural sustainability of rural people and places.
- Hub organizations vary by place – they might be community foundations, community action agencies, community colleges, local government collaboratives, rural hospitals – and many other options.

Idea 5

Build a region's preparedness, resilience and emergency partnerships.

Situation/Gap

- Typically, the bulk of relief and recovery resources is directed to urban areas, where return on investment is *perceived* to be higher. Aid tends to come to rural late in the game.
- Rural places often suffer disproportionate and prolonged distress from natural and system disasters – and their effects on the local economy.
- Some persistently distressed rural places may not be able to recover at all – unless they have designed steps to eliminate or mitigate risks during periods of disaster and economic and social stress.
- A range of rural development and rural action hubs is emerging – organizations willing to step up and coordinate when floods, forest fires, weather events – and pandemics – suddenly occur.
- Few rural hubs – or places – have the necessary infrastructure and capacity in place to manage disasters – e.g., continuity of operations, communications plan, mapping of vulnerable people, disaster playbook, knowledge of federal resources, partnership MOUs – and more!

Idea 5

Build a region's preparedness, resilience and emergency partnerships.

Philanthropy Can Fund:

- The development and implementation of a **preparedness action planning process** for rural hub organizations. Could include:
 - Convening online for educational exchanges
 - In-person site visits and convening for planning (when possible)
 - Developing workplan, continuity of operation, and partnership agreement templates
 - Coaching local teams through the creation of a plan
 - Peer-to-peer exchanges on the roles and practices of hub organizations in rural disaster readiness, response and recovery.
- **Real-time analysis of the preparedness fault lines and go-lines** that surface during COVID-19 – to inform a preparedness plan.
- **Technical assistance and research** on quickly emerging issues during a crisis situation.
- **Operating capital** for rural hubs and collaboratives to maintain their plan and relationships – and to act during a natural, health or economic emergency.

Idea 5

Build a region's preparedness,
resilience and emergency partnerships.



Some lived experience...

Idea 5

Build a region's preparedness, resilience and emergency partnerships.

Immediate Benefits

- Through operating grants during a crisis period, more capacity to effectively execute the plan.
- Funding **analysis now** – during the COVID-19 period – can help locals identify assets that are (or are not) available and what will be needed for a future emergency while they are “top of mind”:
 - Factors at risk
 - Systems that will need preparation
 - Difference-making, essential partnerships needed
 - Missing resources

Medium- to Long-Term Benefits

- Place responds more quickly and ably to future emergencies and disasters – reduce negative impact on people, place and economy; increase resilience.
- Strengthened “adaptive” capacity of hubs and local partners.
- Potential for local organizations and businesses to develop enterprises, services or products that fill gaps in the preparedness “value chain.”
- Knowledge of and trusting relationships built among local partners that can spark collaboration on other regional development/betterment efforts.

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<https://tinyurl.com/RachetingUpIdea1>
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<https://tinyurl.com/RachetingUpIdea3>
3. Strengthen regional industry value chains.
<https://tinyurl.com/RachetingUpIdea4>
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<https://tinyurl.com/RachetingUpIdea5>

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Thank you!
See you in a breakout!

RURAL LSC

 **HAC**

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Assistance
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