



Regional Solutions for Rural and Urban Challenges

Insights #2 Key Findings

This *Insights* brief is one of a series produced as part of the *Regional Solutions for Rural and Urban Challenges* project led by LOCUS Impact Investing with funding support from the Robert Wood Johnson Foundation. The project explores the possibility that regional collaboration and solution-seeking can be an effective way of improving social and economic opportunity and health for all people and places within a region. We asked this question: Under what conditions are regional collaboration and solution-seeking approaches most effective in improving social and economic outcomes? We saw this as a counterpoint to the prevailing narrative of growing divisions between rural and urban populations along economic, social, cultural, and political lines.

The idea that regional collaboration and solution-seeking can be an effective way of improving social and economic opportunity and health for all people and places within a region was given encouragement by this study but quantitative evidence confirming causal relationships between regional collaborative strategies and equity outcomes still needs to be confirmed by data to be conclusive.

The study affirms four key points:

1. Rural America's contribution to regional and national prosperity and well-being is poorly understood, largely unrecognized, and under-valued.

Rural America is vast, complex, diverse, and evolving. The often-stated view that urban America thrives while rural America struggles is not supported by the data. In fact, economic growth and opportunity are uneven across the rural-urban continuum. There are struggling urban places and prospering rural places. The evolution of rural America is *spatial*, with growth at the urban-rural interface and decline in more remote areas; *economic*, through diversification beyond natural resources; and *demographic* as people of color migrate into areas that had previously been mostly Caucasian.

In the past, the rural-urban interdependence was understood as a compact, in which the countryside sends products and people to the city in exchange for the city's products, services and capital. This understanding has become frayed. Policy debates are framed as a false choice between rural and urban, drowning out the fundamental truth undergirding the compact that everyone benefits if urban and rural both do well.

Rural areas continue to contribute to the regional and national economy and well-being through economic supply chains, ecosystem services, materials and natural resources, commuting relationships (as housing prices in urban centers increase, people are forced to live further away from their jobs), growth spillover (rural areas absorb business and population growth that cannot be accommodated in cities), and recreational opportunities, as well as being a source of cultural values and traditions. However, the significance and the magnitude of these contributions are often unrecognized, undervalued, and almost always unmonetized. They are "hidden in plain sight" and most often are not part of the public dialogue.

2. Rural-urban interactions are promoted and managed by innovative regional organizations.

Two main types of organizations catalyze and manage rural-urban interactions. *Public and quasi-public regional development organizations* such as councils of government (COGs) which are structures for local governmental planning, resource allocation, and service delivery across multiple jurisdictions and *nonprofit regional community and economic development organizations*, which include programmatic agencies, community development financial institutions, community foundations, and public-private-nonprofit partnerships.

These structures emerge from the specific enabling environment in each region. They operate in regional economies historically dependent on natural resources: agriculture, oil and gas, timber and seafood. They are now subject to changing market dynamics, demographic forces, and technological change. Communities in these regions are going through transformation and, in some cases, deliberate re-invention. The initiatives are best understood as efforts to lead these transformations in positive directions.

While economic development and community development are usually conducted as separate activities, all the case study initiatives feature their integration. In Minnesota, the Initiative Foundations are hybrid institutions – community foundations that do small business lending as well as social purpose grantmaking, as are the regional development commissions, which combine governmental planning, coordination and service delivery functions with small business lending and economic development. Sustainable Northwest was founded on the then contentious idea that community-based conservation efforts were the way to create jobs, strengthen rural communities, and restore the environment. The Sacramento Area Council of Governments brings land use management, economic development, agriculture and resource conservation into a unified planning framework.

A recent Aspen Institute report¹ highlights the importance of certain types of rural and regional intermediaries, known as “rural development hubs.” These hubs have certain qualities including the capacity for regional thinking and action, the ability to bridge across issues and silos, systems thinking and efforts to address gaps, creation of structures, products and tools for effective solutions, and collaboration, spanning local, state, and national connections. This study affirms the importance of rural development hubs and notes that several of the institutions in the case studies exemplify this form of action.

While specific policies and practices are important, their effectiveness is dependent on the functioning of the larger community economic development ecosystems. The California and Minnesota development ecosystems stand out for their extent and robustness. Both are products of long, evolutionary histories and as such, do not lend themselves to simple, mechanical replication. They exist because public and philanthropic leadership recognized the value of regional approaches and made investments in regional institutions over extended periods of time. Long-term and sustaining change happens not through one-off strategy interventions but through cultivation of these ecosystems.

¹ Community Strategies Group (2019). *Rural Development Hubs: Strengthening America’s Rural innovation Infrastructure*. Washington DC: Aspen Institute.

3. Collaboration can effectively change prevailing regional power dynamics and resource allocation.

Collaborative regional approaches must be designed and implemented in the context of prevailing power dynamics; indeed, the current political climate elevates power issues to a central, critical position. At the state level, rural-urban coalitions are imperative to break through political gridlock. Productive rural-urban interactions and connections around practice and projects are a step towards building those political coalitions.

Power dynamics between urban and rural areas can cut both ways. In Minnesota and California, rural areas had lacked power at the state level, leading to efforts to unify rural interests into a more powerful single voice. In other states, rural areas have power disproportionate to their population, depending on how legislative districts are drawn. In either case, power disparities can create a challenging context to pursue regional solutions.

At the federal and state levels, arguably the most important policies affecting regional solutions relate to investment flows. The notion of the rural-urban compact, where everyone benefits if rural and urban both do well, is a useful way to frame the balancing of resources between rural and urban places. If the interdependencies between rural and urban were better understood and quantified, the allocation of resources could be made more precise and perhaps less contentious.

Collaboration is central to all the cases studied, the differences between them being a matter of strategy and scope and the way it is structured. Collaboration skills are essential because regional organizations, whether public or nonprofit, are generally created without formal powers of coercion and taxation. This applies even to well-established governance structures such as councils of government which have planning and coordinating powers but lack the real power to coerce compliance or independently drive implementation. Instead, they must rely on the “soft power” of education, persuasion, cooperation, and advocacy to get things done.

Collaboration, and thus power and influence can be amplified through regional-scale development efforts that are linked together into state-wide and even multi-state networks. These networks share and accelerate learning, promulgate multi-region initiatives, develop and advocate policy agendas, capture more resources, and develop a shared support infrastructure.

4. Equity in rural-urban interactions requires intentionality.

Equity is most often interpreted in the case studies as geographic equity – all parts of a region or state receiving their fair share. By virtue of their core values, some regional organizations have extended their understanding of equity to include racial, gender, income and wealth, health and other considerations. Foundation and federal funding requirements have often driven the adoption of diversity, equity, and inclusion strategies and actions.

Interviews with experts and the case studies voiced a consistent message that inequities are an inevitable outcome of prevailing market forces and policies and can only be overcome and addressed through *intentional* design, policy, and practice. Leaving things to chance or to evolve is not in the interests of rural communities, poorer neighborhoods, or people of color.

Please visit <https://locusimpactinvesting.org/what-we-do/rural-work/regional-solutions/introduction/regional-solutions.html> to see all the materials produced for the *Regional Solutions for Rural and Urban Challenges* project.

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