

# REVERSING THE TIDE

Strategies for Successful Rural Revitalization



October 6–8, 2008, at the Civic Centre in Prince George, BC

## Regional Rural Development Organization Profiles

These brief profiles will introduce you to each of the regional rural development organizations that will be represented at the conference.

### Rural Development Initiatives, Inc. (Oregon)

#### Snapshot of Rural Oregon

The population of Oregon overall is growing 8.2% between 2000 and 2006 although several rural areas experienced population decline. Growth is a result of in-migration (often retirees) rather than natural births; and the median age has risen to 40+. The exception to this trend is the Latino and Native American populations, where the average age is 22.8 years and 29.2 years respectively, compared to 38.3 years for the remainder of the population.

Tourism remains a major contributor to the state economy; tourism was responsible for 88,900 jobs in 2006. Ninety eight percent of businesses employ 20 or fewer people; 85% employ 5 or less. Over 1 in 5 people report some self-employment income with that rising as high as 40% in some rural areas. Throughout Oregon, the non-profit sector is significant; there are 40% more non-profits per capita in Oregon than the national average.

Emerging employment opportunities include



#### Sponsors



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agriculture (due to an increased consumer interest in supporting a local food system and niche food products), renewable energy (especially bio-fuels) and sustainable natural resources — all of which offer the potential for local job creation.

Issues include a dropping percentage of young people with post-secondary education, increasing rates of poverty compared to the US average, increasing labour shortages as the population ages and reduced employment from the federal government as funding declines.

From an economic perspective, Aboriginal tribes are becoming more important as they increasingly participate in a diversified capital economy, grow as a percentage of the population and, as a result of their land base, are uniquely positioned to take advantage of renewable energy/ sustainable natural resources development.

### RDI Background

RDI began in 1988 as the Community Initiatives program of the Oregon Economic Development Department and in 1992 was incorporated as a non-profit corporation. They employ 25 people as well as contract trainers and consultants. Their main office is in Eugene, but half the staff work from home offices around the state.

RDI's work is focused in Oregon but also reaches six western states, including Idaho, Minnesota and Iowa, as well as British Columbia. To date they have done work in 300 communities.

### Programs & Activities

Two central themes for RDI include **leadership development** across a range of rural communities and population groups and in a broader sense **acting as a catalyst in building community and economic capacity and vitality** in rural areas. They often create long term, multi-layered rela-

tionships with the individuals, organizations and communities they work with. For example, people who have successfully completed leadership training often participate in leadership capacities in a range other RDI community initiatives. In addition to their broad based programming, RDI specifically supports the Latino and Aboriginal communities. Program highlights include:

**Leadership Development:** Programs such as the Ford Institute Leadership Program (offered in 42 communities), the RAICES Rural Latino Fellowship Program & Cultivando Comunidad to support the Spanish speaking rural population, as well as a number of youth oriented leadership programs form the backbone of RDI's work.

Information Sharing, Collaboration and Connection Building: The Regards to Rural conference, a highly regarded annual conference, attracts approximately 400 attendees and the Rural Information, Practice and Peer Learning Exchange (RIPPLE) project, is an internet site for rural leaders ([www.rippplenw.org](http://www.rippplenw.org)) geared to increasing their access to relevant information, resources, and peer networks.

**Capacity Building for Current & Potential Entrepreneurs:** RDI has facilitated:

- the development of more accessible and

relevant offerings for small business in southwest Oregon at the community college;

- the introduction of entrepreneurship education in the high school curriculum;
- connections to capital and new markets for entrepreneurs.

**Sustainable Tourism:** RDI has a specific focus on supporting and building expertise & capacity in sustainable tourism.

In addition, RDI provides some customized community based planning, visioning, & organizational development facilitation services and in 2007 became a member of the W.K. Kellogg Foundation's Rural People Rural Policy network. Through this network they are exploring how to connect community leaders and partners with opportunities to affect rural policy.

### Resources & Program Expenditures

RDI received/ earned almost \$3M US in 2007. Over 85% of that came from foundations including the Ford Family Foundation, Northwest Area Foundation, W. K. Kellogg Foundation and Paul G. Allen Family Foundation, grants from 36 businesses and private donations. RDI recently established two significant new reserves; a \$200,000 endowment intended to serve as seed prin-

### Statement of Activities YE June 2007 (\$US)

Revenues & Support		Expenditures	
Federal grants	54,476	Leadership development program	1,021,495
State grants	147,164	Economic development program	1,248,779
Foundations, private grants, & gifts	2,535,473	Other projects	149,178
Contract & fee income	110,270	Management & general	240,041
Special events	38,102	Special events	69,246
Interest income	78,797	Fund development	56,654
Other income	483		
<b>Total</b>	<b>\$2,965,765</b>	<b>Total</b>	<b>\$2,785,390</b>

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cial in perpetuity, and a \$75,000 "Agility Fund" to serve as seed funding and matching funds for new projects.

In the future they plan to focus efforts on developing a substantial individual donor base along with other fund diversification strategies. Thirty seven and forty five percent of their expenditures were directed to their leadership and economic development programs respectively.

### Future Goals

Determine how best to fill observed gaps including:

- capacity to engage in addressing complex and/or long term issues;
- convening rural interests across communities around key issues;
- expanding their work to support entrepreneurs;

- developing local resources to implement and sustain valuable community vitality initiatives;
- learning/ sharing what works from one community to another; and
- increased attention to evaluation.

## Rural Development Institute (Brandon University in Manitoba)

### Overview

Brandon University established the Rural Development Institute (RDI) in 1989 as an academic research center and a leading source of information on issues affecting rural communities.

RDI functions as a not-for-profit research and development organization designed to promote, facilitate, initiate and conduct multi-disciplinary academic and applied research on rural issues. The Institute provides an interface between academic research efforts and the community by acting as a conduit of rural research information and by facilitating community involvement in rural development. RDI projects are characterized by the cooperative and collaborative efforts of multi-stakeholders, followed by broad dissemination of research information and results to the public. A major focus for RDI is the translation and transference of knowledge gained through their research initiatives and community development practices to communities, policy-makers and academia via printed material, their website, lectures, seminars and conferences.

RDI is comprised of approximately 20 staff, researchers, affiliates and intern students. It's Advisory Committee, made up of rural community stakeholders, provincial & federal government representatives and Brandon

University faculty, acts as sounding board with regards to RDI future direction.

While its primary focus is on rural and northern areas of Western Canada, RDI maintains relationships with other researchers in Canada and abroad.

### Research

Research ideas are developed through contact with rural groups, rural municipalities, governments, international researchers and observers of rural situations. Research topics include but are not limited to:

- community economic development (CED)
- community leadership
- environmental and agro-economic issues
- information management and technology utilization
- invasive species
- policy and program research and development
- rural adaptation and change
- rural/northern health & well-being
- rural Immigration and temporary foreign workers
- rural tourism
- youth migration

Currently, RDI is involved in a number of projects directly related to community social and economic development issues, for example the *Community Adjustment handbook and Toolkit*, designed to aid community organization in developing effective community-based action plans.

### Sources of Funding

RDI is funded as follows:

- Brandon University provides operating, program and research support (30% of funding)
- External funders such as the Government of Canada's Rural Secretariat, the Canadian Institutes of Health Research, and Agriculture and Agri-Food Canada provide research funding (57% of funding)
- The province of Manitoba funds work that supports community economic development, the growth and well-being of rural Manitoba, and the introduction of new strategies and models for rural and northern community development (13% of funding).

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## Highlands and Islands Enterprise (Scotland)

### The Highlands and Islands Region of Scotland

The Highlands and Islands region of Scotland has a total land area of just over 39,050 square kilometres and a coast line of over 9,000 kilometres. The 2005 population estimate for the Highlands and Islands region is 440,000, making it one of the most sparsely populated parts of the European Union. In addition to a very low population density, 30 per cent of the population of the Highlands and Islands live on more than ninety inhabited islands. Inverness is the largest settlement with more than 40,000 people. Altogether, 61 per cent of Highlands and Islands residents live in rural areas or settlements of fewer than 5,000 people. Historically the economic base of the region has been characterized by a dependence upon primary industries (agriculture, forestry and fishing). Remote rural areas and islands in particular are highly dependent on agriculture and fisheries. For many years the region suffered from the 'Highland problem': out-migration, high unemployment and low incomes.

### Highlands & Islands Enterprise Area Background & Purpose

Created in 1991, HIE is a government-sponsored regional development agency covering the Highlands and Islands region of Scotland. HIE was created with the objectives of building stronger communities, growing businesses, making global connections, and achieving sustainable economic growth in the region. HIE is governed by a Board of Directors and currently has over 500 staff. Highlands and Islands Enterprise (HIE) is involved in delivering a variety of national and regional programs, and is responsible for ensuring that UK and European community and economic development funding is secured and invested in the region. HIE also has responsibility for local



regeneration that strengthens communities. HIE pursues partnerships and alliances that bridge national policies and programs to the community level. Community planning and economic development partnerships such as local economic forums formalise these relationships at local level.

### Programs & Activities

HIE's operations are centred around two primary foci, (1) strategic projects of broad regional importance and (2) programs centered on four major strategic outcome themes of strengthening communities, developing skills, growing businesses and making global connections.

Strategic projects are cross-cutting and have multiple impacts across a number of strategic priorities. There are 23 major projects either in-progress or planned in the following key areas: University and College development or expansion (3); Centres of excellence, research and development (5); Real estate, waterfront and brownfield rede-

velopments (8); Renewable energy projects (3); Local economic development strategies (2); Broadband expansion (1); and major Events (1).

HIE programming under the four major strategic outcome themes include:

**Strengthening Communities** — The expected outcome of this component is stronger communities with high quality and diverse amenities and services, an enhanced natural and cultural heritage, capable of exploiting opportunities and managing resources. To do this, HIE assists communities acquire and manage assets which will generate income for re-investment in their longer-term sustainable development, with a focus on land, renewable energy and multi-functional buildings providing a range of services. The provision of easily available community learning and development opportunities is also a priority, with an emphasis on leadership development and support. Example projects include three equity investments in community-owned turbine projects (28 similar projects under development) and a research study on how to foster optimum conditions for promoting the emergence of community leaders.

**Developing Skills** — Programs include improving the operation of the labour market (especially around career counselling and choice for youth), increasing in-work training programs with specific targets for labour productivity and increasing the labour force participation rate as a way of overcoming looming work shortages.

**Growing Businesses** — The objective here is a new generation of dynamic and growing businesses. Strategic initiatives include stimulating new investment and improved access to capital for key industries, increased commercialization of research and the promotion and adoption of e-business con-

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cepts. Example projects include: Supported two aquaculture diversification research projects relating to production improvements and environmental improvements; and supported market and product development activity in sectors including renewables, food and primary sectors, tourism, oil and gas, fashion and new media.

**Global Connections** — Programming in this area supports export and trade development activities including support for the placement of quality infrastructure (especially in transportation services) and a number of strategies for the attraction and recruitment of companies, capital and people.

### Resources & Program Expenditures

HEI's budget for the 2007–08 fiscal year was approximately \$280 million Canadian, or \$700 per capita. Programming took up 71% of the budget, while the remainder was allocated to administration. The majority of funds came from the Scottish Government (75%), while non-cash allocations contributed just over 10%.

### Measuring Success and Achievements

HIE orients its operating plan on an annual basis with the Scottish Government to set out how it will deliver the Government's national enterprise priorities in the specific context of the Highlands and Islands. HIE's strategic planning is detail-oriented and carefully linked to a series of measures and benchmarks that are used to gauge programming effectiveness. HIE has met or exceeded many of its organizational performance targets. It is also interesting to note that the growth rate in the Highlands and Islands region for the last five-year period was 1.5% which is more than double the rate of growth for Scotland (0.6%).

### 2007–08 HIE Budget (\$'000s, \$2007 Canadian)

Expenditures		Expenditures	
Programming		Grant-in-aid	211,603
Strengthening Communities	33,876	Non-cash Allocation	29,943
Skills and Learning	37,240	European Income	17,120
Growing Business	57,863	Other Revenue	15,085
Global Connections	70,149	Other Capital	7,597
	199,128		
Administration			
Staffing	36,023		
Property	5,243		
Administration	2,258		
Travel	2,754		
Training and recruitment	1,932		
Other non-payroll	34,009		
	82,219		
<b>Total Expenditures</b>	<b>\$281,347</b>	<b>Total Revenues</b>	<b>\$7,597</b>

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## Kentucky Highlands Investment Corporation

### Overview

The Kentucky Highlands Investment Corporation (KHIC) was founded in 1968 as part of the War on Poverty program and is now one of the largest development venture capital investors in rural America. It currently has approximately 20 employees.

It serves the south eastern part of Kentucky, a poor, remote area whose traditional industries included tobacco farming and coal mining. Its primary focus is supporting entrepreneurs through the provision of expertise and financing. It is widely recognized for its innovative approaches to stimulating local economies. Over its 40 year lifespan it has assisted over 500 businesses, provided \$150M in financing and helped create more than 10,000 jobs.

KHIC has a \$40M venture capital fund. In addition, it has access to other funding through its partnerships with banks, venture capitalists, economic development associations, local, state and federal agencies, etc.

### Programs & Activities

**Financing:** KHIC supports startup and growing businesses through the provision of traditional loans and development venture capital, an approach where venture capital is provided at market rates but KHIC takes an ownership position in the firms it provides capital to, and therefore plays a more active role in the management of these firms (perhaps as advisors, mentors and/or board members) than traditionally occurs.

### Centre for Entrepreneurial Growth:

This small business incubator can house 3 companies. It focuses on technology businesses or those that leverage technology. It also offers training programs and technical assistance for entrepreneurs.



**Agriculture Loans:** No interest or low interest loans help farmers experiment with non-tobacco related farming or farming methods that are new to their operation.

**New Markets Tax Credit Program:** KHIC anticipates attracting \$22M in private investments through this program. Participating individuals, banks and other financial institutions receive a federal income tax credit for making qualified equity investments in low income rural areas.

**For Profit Subsidiaries:** KHIC has 3 subsidiaries; a small business investment corporation, an industrial real estate development corpora-

tion and a management consulting firm.

**Community Development:** KHIC has partnered in numerous community development projects, e.g. a residential home for the disadvantaged youth, youth centres, libraries, theatres, housing initiatives, etc.

**Collaborative Venture Capital Funds:** KHIC is a partner in two additional venture capital firms, The Southern Appalachian Fund and Meritus Ventures, which support the start up and expansion of manufacturing, technology and software firms in the Appalachian region.

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### Profile of Coastal Enterprises, Inc. (Maine)

#### Overview

CEI is a private, non-profit community development corporation (CDC) and community development finance institution (CDFI) founded in 1977 to develop job-creating natural resources and small business ventures in primarily rural regions of Maine. Rooted in the civil rights movement, it is one of the leading rural CDC/CDFIs in the United States. CEI serves all of Maine, its primary market, and areas of northern New England and upstate New York.

CEI currently has a staff of 86 people in both its parent organization and three subsidiaries, CEI Ventures, CEI Community Ventures, Inc. and CEI Staffing Services. At the end of fiscal year 2007, it had \$491.4 million in assets under management. Since inception, it has loaned or invested \$374.4 million in over 1,900 underserved businesses and affordable housing projects and leveraged another \$1.3 billion in other financing. CEI has used these funds to sustain some 22,495 jobs. CEI has also provided counseling and training to over 26,500 small businesses and individuals.

With a foundation in natural resource industries, CEI has grown and adapted to changing markets. Over time, it has targeted sectors such as value-added fisheries, farm, and forest projects; micro-enterprise development; targeted job creation; the creation of supported, rental and home ownership housing; assistance to women business owners; child care facility development; and support for refugees and new immigrants, to achieve social and economic justice within sustainable communities. Over the last 15 years, it has developed a "3 E" approach to investing that looks at equity and environmental returns on investment in addition to traditional economic returns.

CEI embraces a comprehensive approach to development, linking development finance to workforce, entrepreneurship, sustainable development, and policy and research. In order to achieve greater impact in its work, CEI uses its knowledge, expertise and legitimacy to influence public policies that mobilize resources and create a regulatory environment that furthers its work as well as the wider field of community development.

#### Programs and Activities

**Financing:** CEI provides direct loans to start-up, existing and growing Maine small businesses, in amounts ranging from \$1,000 to \$500,000. It also makes venture capital investments in small businesses ranging from \$500,000 to over \$1million. CEI also takes advantage of the New Markets Tax Credits Program (participating individuals, banks and other financial institutions receive a federal income tax credit for making qualified equity investments in low income rural areas) making investments ranging from \$2 million to \$30 million available to qualified companies in targeted, distressed communities. CEI actively targets the following sectors:

- waterfront and marine businesses
- small farms and agriculture;
- microenterprises;
- women business owners;
- child care providers;
- business ventures of refugees and immigrants.

**Business Advice and Training:** CEI offers a wide range of assistance to emerging and existing small business owners, through one-on-one consultation, training, workshops, seminars, peer networks and other services.

**Affordable Housing:** CEI's Housing Program increases affordable housing oppor-

tunities for people with lower incomes by creating, constructing, rehabilitating and managing affordable housing; helping people build assets through home ownership, providing housing education and counseling, and developing targeted programs and housing advocacy networks. The housing programs are undertaken in partnership with other organizations that have an affordable housing mission and the needed investment dollars.



**Natural Resource Development:** CEI has been working with the farming, fishing and forestry industries since its inception in 1977. Today, while the types of businesses have changed somewhat, they still work closely with these industries through targeted fisheries, farming, and forestry programs.

**Workforce Development:** CEI takes a leadership role in collaborative initiatives, forging partnerships between businesses and a network of workforce and economic development and social service agencies. The team utilizes its broad range of knowledge of federal and state-funded workforce development programs, its in-depth experience working with hard to serve populations, and its network of partners to develop skills training programs and training resources that meet both business and job seeker needs. Within the context of creating healthier workplaces, it assembles services for businesses that

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strengthen their operations, help them implement progressive personnel practices, and provide support to workers.

**Policy Research and Development:** Policy is a key strategy for CEI. CEI works with legislators, peer organizations, and other stakeholders to develop broad government support for legislation and programs that support the community and economic development field as a whole, as well as address issues such as predatory lending, access to child care, financing for farmland acquisition, etc. Research is often undertaken as a first step to inform a policy direction and strategy; this may be an evaluation of a CEI demonstration program, a synthesis of existing information, or new research.

### Sources/Size of Funds

CEI's financing is over \$1.4 billion. Of this, CEI has loaned and invested \$374.5 million, a leverage ratio of 1:3.8. Community Development Corporations/ Community Development Finance Institutions normally

attract a mix of private and public funds. A major CEI contribution to Maine's economic development has been its ability to attract outside resources; more than 90% of its funds originate out of state.

### Sources of Funds (Percentage)

