

Fostering Rural Prosperity through the Stewardship Economy

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Despite long-standing inequities brought into stark relief by the 2020 coronavirus pandemic, new leadership and investment strategies are restoring vibrancy to rural places. Grounded in a stewardship ethic and inspired by early success, rural places are diversifying their natural resource economies to create local wealth and contribute to national prosperity in the 21st century.

Our organizations—the Northern Forest Center and Wallowa Resources—have worked for more than 25 years to redefine economic development in rural New England and eastern Oregon, respectively. Both organizations align land and resource stewardship with rural economic development, job creation and community wealth-building. As regional intermediary organizations, we connect rural and urban places, and local and regional issues; we bring new approaches to address challenges posed by climate change, corporate consolidation, demographic trends, industrial automation and political polarization.

National Context

Traditional rural development approaches responded to the erosion of commodity-based economies by focusing on business attraction—a top-down model that used jobs “created or retained” as the primary measure of success. The traditional approach essentially sought to recreate the “one-mill town” model that had brought finite prosperity to communities in the past—and it wasn’t working. Ultimately, communities kept losing people due to the lack of opportunity. In response, we engaged leaders within our communities, and across our regions, to advance new visions that are centered on leveraging the natural assets of each area, along with the skills, experience and passion of local people.

Our early efforts were supported by, and helped inform, national partnerships and initiatives—including the Communities Committee¹ that emerged from the Seventh American Forest Congress, the Ford Foundation’s Community-Based Forestry Demonstration Program, and

the Forest Investment Zones initiative² of the U.S. Endowment for Forestry and Communities. More recently, our work is characterized by the Aspen Institute’s examination of “rural development hubs”: intermediaries working with people and organizations across a region to build inclusive wealth, increase local capacity and create opportunities for better livelihoods, health and well-being.³

Elements of a New Rural Development Strategy

Our organizations focus on generating and retaining wealth within the community. We focus on the human and natural capital of a place and facilitate the reinvestment of that wealth to advance equity in access and opportunity throughout the communities we serve.

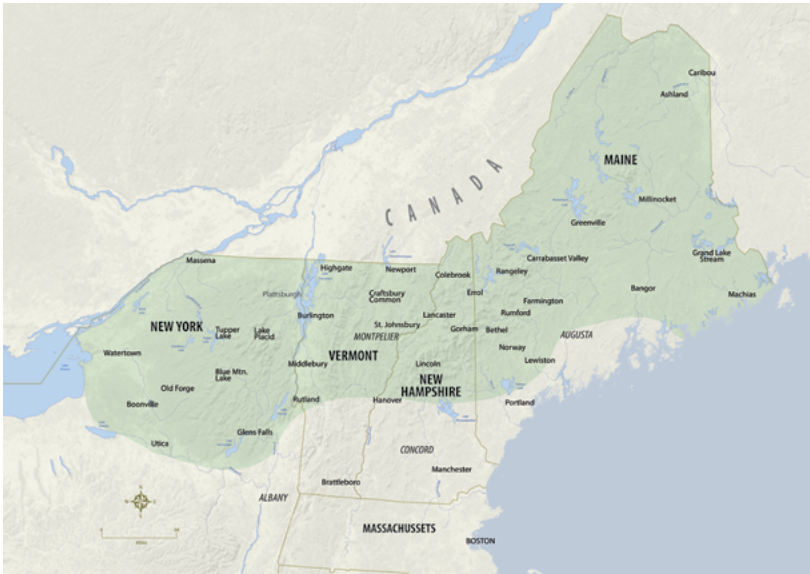
We motivate and support active participation in community development instead of waiting for a single “solution” to appear from outside the community. More than any direct investment either of our organizations can make, the shift in community psyche and coffee-shop talk—from anger, frustration, and despair, to hope, pride and optimism—is critical to making our communities attractive to young families and workers. This shift in outlook and focus builds bridges throughout the community, creating opportunity and momentum.

Case Study #1: The Northern Forest

The rich natural resource base of the Northern Forest—30 million acres of forest and the headwaters of 11 major rivers—fueled the 19th-century economic boom of the Northeastern metropolitan corridor, from Boston to Baltimore and beyond. Eventually an unwinding of timberland and mill ownership, new technology and changing consumer demands led to declines in the dominance of the region’s pulp and paper economy.

What becomes of the pride and purpose of a community when its major employer closes, Main Street businesses close, and young people leave and don’t return? What is the solution to addressing rural decline in a place rich with natural amenities? The Northern Forest Center is exploring answers to these fundamental questions at multiple scales.

The Northern Forest Center (the Center) was founded in 1997 to address the lack of coordinated community and economic attention in the wake



The Northern Forest region encompasses 30 million acres of forest and communities spanning most of Maine, and northern New Hampshire, Vermont and New York. Credit: Northern Forest Center

of the wholesale shift of the pulp and paper economy across the four-state Northern Forest region of Maine, and northern New Hampshire, Vermont and New York. Today the Center is a regional innovation and investment partner connecting people and local economies to the forested landscape.

At the regional level, the Center brings attention to issues of rural decline and revival, leveraging the potential of emerging technologies, activities, and markets to reinvigorate and reimagine places and industries. We help bring regional scale and capacity to the issues facing the communities we serve, both when supporting isolated rural leaders to more effectively tackle persistent issues, and when advancing state or federal policies and programs that support innovative and integrated initiatives that transcend geopolitical lines.

At the community level, the Center uses its expertise in convening, facilitating, fundraising, and managing projects to partner with local stakeholders, identify catalytic projects and invest integrated capital. We have developed relationships in, delivered programs to, and become deeply familiar with many Northern Forest communities. This knowledge and trust have allowed

us to tackle the fundamental issue facing rural communities—demographic decline. Our work in Millinocket, Maine, exemplifies this approach.

Innovation in Community Revitalization: The story of Millinocket is its own, but it mirrors countless other places where global forces created the meteoric rise and steady decline of the natural resource economy. Millinocket—known as the Magic City—sprang up seemingly overnight in the late 19th century, supported by the confluence of vast water and timber resources. At its height, Millinocket had nearly 8,000 residents, many employed by Great Northern Paper Company. The mill dominated the town and sat adjacent to millions of acres of company-owned forests penetrated by the privately owned 100-mile “Golden Road.” No expense was spared to advance what seemed to be an endless source of wealth for the company and workers.

But by the time the Center began engaging in Millinocket in 2015, the mill had been shuttered and dismantled. The town had lost nearly half of



Millinocket in the Maine North Woods attracts visitors to enjoy Mount Katahdin, the West Branch of the Penobscot River, the Allagash Wilderness Waterway, Baxter State Park and the new Katahdin Woods and Waters National Monument. Photo courtesy of Josh Linscott

its residents. The median price for homes in town bottomed out at less than \$25,000. The Center’s role in the community began through modest investments. We helped install Wi-Fi networks in downtown businesses to help

visitors navigate on their smartphones, assisted local businesses with digital marketing so visitors could find them, provided incentives to expand the use of wood heat in area homes, and connected hospitality and tourism leaders to others across the Maine North Woods. These programs built on conversations and movement around the stewardship economy in the region.

At the same time, we probed more deeply to identify gaps that needed to be addressed to make a more significant, long-term difference in the community. It became abundantly clear that addressing the region's demographic challenges required going beyond creating jobs—it meant positioning the community to retain and attract young people and entrepreneurs.

We heard from local leaders that amenities like an attractive downtown, high-speed broadband, recreational trails accessible from town, and third spaces such as coffee shops, brew pubs and the public library—as well as redevelopment of the mill site—were all necessary for economic revival. We also heard that a lack of quality rental housing was a significant barrier to attracting talent for the hospital, school and other local businesses.

Tailored

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The free market was not meeting the community need, so the Center stepped in. In 2017, we launched our first \$1 million impact investment fund with a goal of purchasing, renovating and renting units for up to a seven-year period. Today the Center owns six properties (11 units), all in the downtown core, that are setting a new quality standard for rentals in town—and making it easier for employers to attract talent.

We also helped a new, visionary librarian secure New Markets Tax Credit financing to renovate the local public library, helping him reposition it as the hub of the community's revitalization efforts. We convened and now facilitate two steering committees, one focused on downtown revitalization and the other on the regional recreation economy. Our staff works closely with

town leaders and other partners to pursue state and federal funding, and has connected foundations to the community for their potential investment.

More is still needed; regionally, Millinocket and its neighboring communities need to move beyond historic rivalries and work collectively to address systemic issues of health care, education and broadband. This infrastructure is core to the region and its ability to attract and retain young people and businesses. In the meantime, catalytic activity is underway, and we know our approach is beginning to make a difference.

Measuring Impact: Despite economic upheaval on a national and global scale due to the COVID-19 pandemic, our housing initiative investments continue to perform, and our units are in high demand. New businesses are opening, and others are expanding. New investment is improving downtown buildings and homes throughout the community. New recreational trails are getting more people outside. Local news is reflecting more positive stories. Young people are moving to the community, and strollers and babies are more prevalent than they were a few years ago. While not dramatically impacting the overall population yet, these shifts are contributing to the sense of positive change in the air. New leadership willing to embrace new ideas is stepping up. And town pride—reflected in an annual survey—is on the rise.

Millinocket isn't out of the woods yet. Its story is still being written—not by outsiders imposing solutions, but by the people who live there—supported by



The Millinocket Marathon, which began in 2015, is one of many positive initiatives helping to rebuild the town's economy and sense of pride. Photo courtesy of Brian Adams

nonprofits, governmental agencies and private businesses that understand the value of both contributing capacity and building it locally.

Case Study #2: Northeastern Oregon

Across the Pacific Northwest, ecological and political dynamics collided in the 1990s with the identification of the Columbia Basin salmon and steelhead populations as officially recognized endangered species. This listing, and the nationwide transition by the U.S. Forest Service (USFS) to an emphasis on ecosystem management, triggered a 90% reduction in national forest timber sales and had significant consequences on some rural communities. In northeastern Oregon, it eliminated 70% of Wallowa County's annual timber harvest and shuttered its three sawmills—the county's largest private-sector employers. Wallowa County's unemployment rate was among Oregon's highest, and K-12 enrollment declined by more than 50%. School budgets took another hit with the decline in federal timber payments. Teachers were laid off, course offerings were eliminated and the school week was reduced to four days, with parents forced to juggle work and child care.

In response, local citizens, with support from county government, created the nonprofit Wallowa Resources in 1996 with a mission focused on sustainability—providing equal weight to forest, watershed and community health; job and business creation; and increased understanding of the interdependence of environment and community well-being. Over time, Wallowa Resources' vision embraced a stewardship economy centered on regenerative agriculture; forest and watershed restoration; small-scale, value-added processing of food, wood and renewable energy; and community ownership or control over critical assets including working lands. But Wallowa Resources' beginnings had two priorities: (1) ensure displaced forest workers and millworkers found rewarding work, and (2) develop new products and markets for small-diameter trees.

Stewardship Economy Infographic

Three integrated spheres of the stewardship economy.
Courtesy of Jessica Tomasini



Building a Stewardship Economy: By the late 1990s, the value of USFS service contracts in northeast Oregon exceeded the value of timber sales offered.⁴ Local contractors typically won the majority of timber sales but secured less than 15% of the service contracts, which were primarily awarded to contractors located outside the region. In response, Willowa Resources unleashed a complementary suite of programs to diversify the forest sector, expanding opportunities beyond timber harvest to include forest and watershed restoration.

Working with the Pinchot Institute for Conservation, we advocated for the USFS to shift from low-bid contracts to best-value contracting, and for the inclusion of local economic benefit as an evaluation criterion. We provided training programs and issued locally competitive restoration contracts to build local capacity. As a result, several local logging contractors diversified to include service contract work, and new businesses were created. Within five years, local contractors were capturing 54% of the service contract work on national forests in the region. The region maintained higher contractor capacity than other areas that lost mills, which was critical to large landscape restoration across our public and private lands.



Larry Yarborough, local forest contractor, thinning a forest stand to reduce fire risk and improve wildlife habitat. Photo courtesy of Kendrick Moholt Photography

Through two wholly owned subsidiaries, Wallowa Resources supported the utilization of small-diameter logs by directly investing in businesses and small-scale, distributed renewable energy technologies, contributing to increased forest restoration and broader community development. We also maintain critical community assets, including more than 100 USFS campsites and a 56,000-square-foot community center—the reincarnation of a former county hospital—for use by natural resource, community development and health care organizations.

To build scale and impact, we worked with county government and the USFS to design a “community planning process,” which convened representatives from the Nez Perce Tribe, grazing permit holders, and recreation, environment and timber interests to craft agreement for large landscape restoration. The first large watershed project to come out of this planning process restored 30 miles of salmon habitat and 15,000 acres of upland forest, earning national awards and contributing to the emergence of forest collaboration nationwide. Oregon State University Extension estimated the local economic benefits at more than \$6 million.⁵

Collaborative

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Additional opportunities arose from this initial success, including the creation of Community Wildfire Protection Plans, the development of the U.S. Department of Agriculture (USDA) Joint Chiefs' Landscape Restoration Partnership projects,⁶ the formation of local Firewise USA programs⁷ and the acquisition of the 1,800-acre East Moraine Community Forest.⁸ In addition, in 2020 the USDA secretary approved new funding to the Collaborative Forest Landscape Restoration Program, through the Northern Blues Forest Collaborative, spanning 10 million acres of public, private and tribal lands in northeast Oregon and southeast Washington.

To resolve policy constraints and advance solutions, a handful of regional and rural leaders identified the need for federal policy analysis rooted in the West's public lands-dominated rural communities. Wallowa Resources was a founding member of the Rural Voices for Conservation Coalition (RVCC),⁹ which engages more than 80 nonprofit, public and private organizations. The RVCC empowers and amplifies the shared priorities of rural leaders, and serves as a vital peer-learning and capacity-building network. It also highlights the rural development prospects of land stewardship, and the opportunity to align local economic potential with broader national goals and public benefits, including creating rural jobs, mitigating climate change and bridging the urban-rural divide.

With an eye to the future, Wallowa Resources invested heavily in our youth with the aim of building the next generation of rural leaders and land stewards. We launched a Friday field school—called Wallowa Resources Exploration of Nature, or WREN—for third- to sixth-graders that grew to include high school, undergraduate and graduate programming. University students describe our programs as transformative—generating epiphanies about the challenges facing rural places and the potential for community-based renewal centered on collaboration and land stewardship.

Resilient

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Wallowa Resources high school interns repair enclosure fencing as part of their forest restoration training. Photo courtesy of Lindsay Miller

Measuring Impact: We measure success by our contribution to: (1) creating jobs and businesses tied to public and private working lands, (2) improving the ecological condition of these lands, and (3) preventing their conversion to other use. More broadly, we assess our role in building an inclusive community, eliminating inequities in access and opportunity, and expanding engagement in our mission. We pursue increased impact by expanding our geographic scale and engagement in cross-boundary cooperation, as well as the numbers of partners, landowners, students, businesses and jobs we are affecting. Across the West, we support other communities interested in advancing a stewardship economy.

Our structure and programming facilitate a diversified revenue model. Over the last five years, our typical year-end revenue included 33% from federal and state grants and contracts, 30% from private foundations, 22% in earned income (primarily from our subsidiaries), and 15% from charitable donations gifted by individuals, families and businesses. Forest and renewable energy business investments have accessed commercial (and occasionally federally guaranteed) debt, leveraged new-market and renewable energy tax credits, and grown interest from social impact investors.

What We Have Learned

We offer five shared lessons on how to revitalize rural communities, attract and retain the next generation of rural citizens, and deliver broad public benefit through the stewardship economy:

1. Honor and incorporate local knowledge of place. Development efforts often fail when they ignore local people's history with place, understanding of seasonal changes and use of land. Successful efforts engage and empower local stakeholders—while also bringing research, ideas and broader context to complement local knowledge and values. Community members are immediate beneficiaries, innovators, vision stewards and durable agents of impact.

2. Advocate for integrated strategies, new conceptions of “value” and impact investment. Instead of seeking simply to *create jobs*, consider *what kind of jobs* are being created, and whether they reinforce connections to place and community wealth-building. Identify the conditions required to support new jobs—from child care to affordable housing to environmental quality—and consider issues of equity and ownership. Promote a broader notion of return on investment in rural places; financial return is just one of the benefits derived from investments in the stewardship economy. Other benefits include carbon sequestration, water management, recreation opportunities and renewable energy development, among others. Each of these benefits is attractive to impact investors.

3. Bring and build capacity to sustain innovation and increase resiliency. Wallowa Resources and the Northern Forest Center bring core capacities that augment those already in place. Balancing inclusive planning with tangible results (“the eagerness to just get something done”) requires deep relationships, longevity, adaptability and persistence—as does capacity-building. Rural decline has been generations in the making and will take a long time to reverse. As such, multiyear operating grants that provide the time and flexibility for authentic relationship-building and collaborative engagement are critical to stability and success.

4. Drive policy and practice through outcome measures that advance a stewardship economy. Instead of evaluating only the economic impact of a proposed development, consider how projects advance community well-being at a systems level, and the full suite of economic, social and

environmental benefits that might be generated. Doing this requires a new paradigm of public resource deployment:

- Provide greater flexibility to allow for changes in grant uses based on changing conditions (e.g., a global pandemic). Greater adaptability in public programs is necessary if we are to elevate local agency, value natural resources and ensure that policy works for local needs.
- Draft federal policies and programs with the input of those targeted or impacted. Long-lived legislation needs to be reviewed and revised to better align with current conditions, and must support locally articulated goals and values, eliminate overlapping tensions and reduce complexity.
- Amend geographically bound program restrictions that often follow nonsensical census tract boundaries (e.g., down the middle of a road, dividing one side of a town from the other). For example, New Markets Tax Credits, limited by census tracts, result in missed opportunities or poorly sited capital investments.

5. Bridge rural and urban relationships. While there are differences between rural and urban conditions and opportunities based on various socioeconomic, demographic and political factors, we see similarities in the kinds of communities, neighborhoods and businesses that people are trying to create in both rural and urban places. We need to reconnect producers and consumers, land managers and the beneficiaries of environmental services, and recreation users with the families that live and work in the places where they play.

The COVID-19 pandemic has caused many urbanites to seek space in rural communities. This provides an opportunity for open conversations about land use and stewardship; economic opportunity; affordable housing; the “digital divide”; rural health care and education; and diversity, equity and inclusion. As people are brought together by place, they have the opportunity to learn about and understanding one another’s lived experiences.

Conclusion

Rural places are defined by their natural resources in ways that most cities are not. This gives them both a special opportunity and distinct responsibility. If natural assets are what make rural communities viable and prosperous,

ignoring or misusing that resource base guarantees eventual decay. Conversely, using those assets as the basis for diverse, robust and sustainable economic activity, to attract young people and creative investment, is a self-perpetuating system that generates long-term resilience and prosperity. Our work in the Northern Forest and northeastern Oregon gives us confidence that the stewardship economy is real, attainable and worth pursuing in rural communities across the U.S. We look forward to seeing a shift in national thinking about rural investment. Every day, we are advancing the “proof of concept” in the rural stewardship economy. It’s good not just for the communities we cherish, but for the world.

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Endnotes

- ¹ See Communities Committee.
- ² See U.S. Endowment for Forestry and Communities.
- ³ See Aspen Institute.
- ⁴ Service contracts include surveys, seed collection, pre-commercial thinning, habitat restoration, invasive species management, trail projects, etc.
- ⁵ See Christoffersen.
- ⁶ See USDA.
- ⁷ See National Fire Protection Association.
- ⁸ See Wallowa Lake Moraines Partnership.
- ⁹ See Rural Voices for Conservation Coalition (website).

