Inclusive Development: A Competitive Advantage for Rural Communities

NOEL ANDRÉS POYO
Introduction

Inclusive development is a concept that implicitly recognizes that some communities and geographies have been economically marginalized, experiencing less access to the capital, services and resources that are critical for social or economic mobility, or both. Many rural communities face less favorable economic conditions and greater challenges in accessing capital compared to urban areas. That being recognized, within rural communities, different groups of people often have dramatically different experiences and access to economic opportunities, which correlate strongly to race, ethnicity, culture and language. The practice of inclusive rural development involves investing in the people and places for which the challenges of their rural location are compounded by disadvantages that stem from how they have been impacted by systemic biases and blatant discrimination. To do this effectively, we must precisely define the people and places we seek to serve and take into account how they have experienced the political, economic and social systems around them.

Looking Past the Myth of Rural America

Much of the popular and political rhetoric around rural communities is rooted in visions of the past from a majority white perspective. To have any hope of pursuing inclusive rural development, we must first be clear-eyed about how race and ethnicity fundamentally shape any given individual's experience in a rural community. Structural factors in the finance and real estate markets, the daily reality of discrimination and intentional public policy at the federal, state and local levels have produced disparities in access to the capital, services and resources that are critical for achieving economic mobility. It is increasingly well-documented that some long-established populations in rural communities have been the target of racially and ethically motivated discrimination, de jure and otherwise, that has often been enforced by violence. Our nation's history of patchwork apartheid has had
multigenerational consequences, both economic and social, for those who have been the target of those systems and policies. This has been broadly true for African Americans, with significant concentrations across the rural South and Southeast, as well as for Mexican American communities across the Southwest and West, among others.

It is also important to consider that many rural communities have undergone significant demographic and economic changes over the past several decades and many are experiencing relatively rapid evolution. Changes in economic sectors including energy production, manufacturing and industrial agriculture are catalyzing significant economic shifts across rural America and have incentivized the movement of workers, both into and out of rural towns.¹ This has been occurring simultaneously with the aging of white populations in many rural communities and the departure of youth to seek educational and economic opportunities. In his 2014 book, William Frey illustrates how some of the most impactful demographic shifts in the United States are not so much the ongoing growth of minority and immigrant communities in large cities, where these communities have been well-established for generations, but rather the dispersion of Hispanics, people of diverse Asian descent and mixed-race households in smaller population centers, including rural communities.² As workers and entrepreneurs, these newer and less integrated populations are critical to the future economic viability of the rural communities to which they or their parents moved.

Rural communities that have experienced comparatively little change over recent decades are typically those that have been disconnected from capital flows or larger economic systems for a very long time. These communities are poor and typically racially, ethnically or culturally distinct—places like Luna County, New Mexico; Sunflower County, Mississippi; or McDowell County, West Virginia. Many of these counties have experienced persistent poverty over many decades and require an entirely different approach to rural development than a place where market forces and population shifts are driving change.

Dividing rural communities into those that are economically and demographically stagnant and those that are more dynamic is undoubtedly a generalization. Nonetheless, it is useful to think about a gray scale between these poles. Locating a community along this scale, paired with other methods of
assessments, can help to define an impactful approach to inclusive rural development.

**Considering the Organizational Infrastructure for Delivering Opportunity**

The success of any effort toward inclusive rural development relies heavily on the capacity of institutions that deliver capital and, more broadly, economic opportunity in the target community. Perhaps obvious, but too often overlooked, is the fact that the capacity to serve one population does not necessarily translate into the capacity to serve a second, or third or fourth distinct population. The cultural and linguistic competence of private, nonprofit and governmental institutions is central to the success of inclusive rural development. It is clearly a barrier to inclusive development when established institutions on “Main Street,” such as state and county government, public schools, banks, credit unions, realtors and service organizations, reflect and enforce historic patterns of discrimination and bias.

A willingness to break these patterns is necessary, but not sufficient, to build the cultural and linguistic competence necessary to effectively deliver the ingredients to produce economic opportunity. Most importantly, building this competence requires hiring staff members who reflect the demographic diversity of the rural community. It may also require translating documents, building trust through meaningful community engagement, and customizing financial products to reflect a different “typical customer,” among many other strategies. These efforts require intentionality and resources, oftentimes in places and within institutions where resources are scarce. Consider a county administrator who wants to diversify his or her staff. County government jobs may be coveted for their stability and relatively good pay and benefits in a community where there may be limited job opportunities. As a result, there may be relatively little turnover. This means that the administrator’s desire to diversify may be tied to increasing the personnel budget or waiting years for an opening, even before considering how to effectively recruit a diverse candidate. This is just one example of how the pace of change in rural institutions, particularly underresourced ones, may not match the pace of demographic change in the community more broadly.

Main Street institutions may struggle to reengineer their systems,
personnel and products to match the needs and opportunities of new or historically underserved groups. In this context, churches, community-based nonprofit organizations, small businesses and community-controlled financial institutions are critical, especially those founded and led by people from those groups. Community-based organizations are often more effective because their services and products are specifically designed to the needs and opportunities of their communities. In the best of circumstances, these community-based institutions become both structural bridges into mainstream institutions and independent escalators of opportunity. Less ideal, though sometimes necessary, is when community-based institutions become separate, parallel structures, providing services and access to capital when it is not possible for members of minority groups to access opportunities through Main Street institutions.

When community-based institutions are the only realistic way for people in the most underserved segments of rural communities to access capital and services, the technical capacity of those institutions has an enormous impact on these groups’ access to economic opportunity. Therefore, developing the capacity of community-based institutions is an important element of any approach to inclusive rural development. Key aspects of building organizational capacity include building systems and procedures for program delivery; strengthening the organizational balance sheet with unrestricted net assets (in the case of nonprofits) or long-term subordinated, i.e., “tier 1,” investments (in the case of credit unions or banks); and, perhaps most importantly, investing in human capital.

Institutional capacity-building is an effort that takes years, not months, and sustaining capacity can be difficult, particularly with regard to human capital. Retaining highly qualified staff in rural-serving community institutions is just one aspect of the broader workforce retention challenge in rural communities. Leadership transitions, a risk for any institution, are especially difficult for rural community-serving institutions. These leaders often embody a mix of skills, ingenuity and dedication that takes time to build, and their connectivity to the community is commonly a critical aspect of their success. These are “big shoes to fill,” and there is typically competition from other entities for those who have the skills needed to step into leadership. Successful executive transitions in rural community-based
organizations often rely on grooming successors from within and require recognizing that new leaders themselves need capacity-building and support.

**Recognizing Extraordinary Legacies**

Some of the community-based institutions that have demonstrated the most impactful approaches to inclusive rural development have grown out of poor communities of color, for which the demographic and economic conditions have been relatively consistent over time.

Founded in 1973, Tierra del Sol Housing Corporation has engaged extensively in community and economic development in rural communities across southern New Mexico and West Texas. Tierra del Sol has developed thousands of units of affordable housing in heavily Mexican American rural counties along the U.S.-Mexico border, including in many colonia communities with dire infrastructure needs. Tierra del Sol has benefited from the stability of the longer-term, highly competent leadership of Rose Garcia. Ms. Garcia and the organization’s staff leadership reflect the communities they serve, and their approach to development is built on community engagement and organizing with the residents.

Typically with housing as an anchor, Tierra del Sol creates broader community impact through economic development efforts, including business lending, water infrastructure and creative job creation efforts. This has often meant that Tierra del Sol has had a multidecade presence in the towns and colonias where it works, moving from one project to the next. This comprehensive and consistent approach to producing housing stability and economic opportunity has had transformative impact in many of the rural communities that Tierra del Sol serves.

In rural places where ethnically distinct populations are comparatively new, the community-based infrastructure that can deliver culturally relevant services is typically less well-developed and may rely on organizations from urban areas. The Latino Economic Development Center (LEDC), a community development financial institution, and its founder Ramón León have been rightly celebrated for supporting immigrant-owned small businesses in the Twin Cities. There has been, however, little recognition of LEDC’s impact in rural communities. LEDC utilized funding from the U.S. Department of Agriculture and the state of Minnesota to extend its small-business lending
and entrepreneurial assistance services to rural communities, often partnering with less-developed local organizations. LEDC-MN supports not only individual entrepreneurs but grassroots projects, like a multicultural market in Willmar, which developed into an independent project of its own. This rural impact of LEDC-MN’s work is a good example of how the cultural competence and technical capacity of an urban-based organization added value across rural areas.

Organizations like Hope Credit Union, based in Jackson, Mississippi, and Chicanos Por La Causa (CPLC), based in Phoenix, have achieved broader impact and have become a part of the fabric of rural towns across multistate regions. These organizations represent some of the most sophisticated and impactful examples of inclusive rural community development.

CPLC is a community development organization that was founded in 1969 by community activists and Chicano student leaders. While the organization reflected the experience of the barrios of South Phoenix, from its inception, the organization was connected to a broader civil rights movement. Over time, and particularly under the long tenure of former CEO Pete Garcia, CPLC became a diverse nonprofit conglomerate providing affordable housing, workforce development, small-business investment and social services. CPLC was invited by town councils, chambers of commerce and other institutions in rural communities throughout Arizona to establish offices and become a catalyst for economic opportunity. In a very real way, CPLC filled a gap in which local and state government failed to serve Mexican Americans and Mexican immigrants, in both urban and rural communities. In the 2000s, CPLC expanded into surrounding states by integrating established community-based nonprofits into its corporate structure. For example, Siete del Norte was, for decades, the most important economic development entity in rural northern New Mexico to focus on the needs in Mexican American and native communities. When Siete del Norte’s longtime CEO Amos Atencio prepared for retirement, he partnered with CPLC to sustain his legacy through CPLC New Mexico, which took on the stewardship of the assets of Siete del Norte.

Hope Credit Union’s meteoric growth from the late 1990s to today was fundamentally connected to partnerships with churches, including through membership networks and associations such as the Amos Network,
Fellowship of Hope Ministries, the 100 Concerned Clergy, Voice of Calvary Ministries and New Horizon Ministries. Expanding its credit union field of membership through church communities allowed Hope to build trust rapidly, and the credit union made good on that trust by delivering high-quality financial services. While Hope's impact in urban communities has been formidable, it is difficult to overstate the transformative impact it has had in heavily African American rural communities across Mississippi and surrounding states that have been actively and intentionally denied access to capital and financial services.

National and regional capacity-building organizations have played important roles in supporting inclusive rural development and breaking down the isolation that can come with serving rural places. The Housing Assistance Council (HAC), originally established in the early 1970s, has a mission to improve housing conditions for the rural poor, with an emphasis on the poorest of the poor in the most rural places. HAC is well-recognized for its track record of support for culturally and linguistically relevant rural development work, building capacity through its lending, grant-making, technical assistance and peer learning activities. HAC's board of directors, currently and over time, has been made up primarily of diverse rural development practitioners, a fact that helps to explain the organization's focus on inclusive development. The Local Initiatives Support Corporation, nationally, and the Rural Community Assistance Corporation, primarily in the Western U.S., are among other important rural capacity-building organizations that have provided intentional support for inclusive approaches to rural development.

Another example is the National Association for Latino Community Asset Builders (NALCAB). Founded in 2002, NALCAB is a national membership network of Latino-led and -serving community and economic development organizations. Approximately one-quarter of NALCAB's members serve rural communities. NALCAB has developed a strong track record of providing financial resources and technical assistance to rural-serving organizations, similar to other national intermediaries. Unlike most intermediaries, however, NALCAB drew rural Latino-serving organizations into broader collaborations with urban Latino-serving organizations. Perhaps most notably, in the wake of the Great Recession, NALCAB organized a consortium
of more than a dozen member organizations to apply for funding from the U.S. Department of Housing and Urban Development (HUD) under the Neighborhood Stabilization Program Round II (NSP-II). Chicanos Por La Causa led the consortium’s application and was awarded $137 million to address the impacts of foreclosures and blight in Latino communities in eight states and the District of Columbia by developing and financing affordable housing. While rural-serving organizations would not have been competitive for HUD NSP-II funding on their own, being part of a broader consortium allowed rural-serving organizations in the NALCAB network to gain access to tens of millions of dollars for affordable housing purposes.

**Conclusion**

The practice of inclusive rural development must begin by looking beyond myths with a clear-eyed examination of how race and ethnicity fundamentally shape the experiences and opportunities of people in specific rural communities. We must also recognize that the key to the economic future of many rural towns can be found in the demographic and economic shifts that are happening today. To be effective, those organizations that deliver capital, services and other resources critical for economic mobility (governmental, for profit or nonprofit) must reflect the communities they seek to serve in their staff and fundamental approach. Therefore, cultural and linguistic relevance is at least as important as technical delivery capacity in terms of building organizational capacity for rural development. With extraordinary examples to learn from, there is an enormous opportunity for the practice of inclusive rural development to unlock opportunity and economic productivity with people and communities that have been historically marginalized, as well as those migrants and immigrants who arrive with little more than dreams. Those rural communities that support inclusive development and tap into the potential of all of their residents will have a competitive advantage in the economy of the future.
References

Endnotes
1 See Garcilazo, and Lichter and Johnson.
2 See Frey.