

INVESTING IN Rural Prosperity

The Opportunity: Capacity-Building in Rural Communities

Background

“Capacity” describes the inherent knowledge, skills and resources that enable communities to meet their immediate needs and prepare for their future needs. Building strong local capacity is deeply important in rural communities. Urban areas typically have significant resources and many public, private and nonprofit sector players focused on development. The pool of such resources is much more limited in rural communities.¹ This lack of resources extends to local rural governments, which report having fewer dedicated development staff and facing greater levels of fiscal stress.² So, rural communities need to cultivate the ability to meet their needs. But what kind of local capacity do communities need? They need residents who are healthy and financially stable, engaged with their community and enfranchised to make their voices heard about decisions that affect them. They need local systems—like utilities, health care and governance—that are functional, that are responsive to changing conditions and that feature strong cross-sector collaboration, inclusive decision-making and public policies that support vibrant communities. They also need place-based organizations that are strong, capable and well-resourced.³ Fortunately, efforts are underway across the country to invest in these critical capacities in rural communities.

Examples of Local Efforts

In West Virginia and southwestern Pennsylvania, the **Claude Worthington Benedum Foundation** (Benedum) is overcoming remoteness, a lack of resource density and misperceptions about local capacity by investing in what Benedum calls “core intermediaries.” Core intermediaries are high-capacity, highly adaptive organizations that fill leadership gaps, collect data, serve as advocates for their issue areas and coordinate statewide efforts. One example is the West Virginia Community Development Hub, which has become a trusted partner in developing local food systems, securing funding for community facilities and restoring historic downtowns.⁴

In Palatka, Florida, **Wealth Watchers Inc.** has supplemented the capacity of the local government to access state and federal resources to invest in key neighborhood and housing revitalization. Wealth Watchers is also leveraging a housing rehabilitation grant from the U.S. Department of Agriculture to increase local construction capacity by expanding its construction training program.⁵

In Oregon, **Rural Development Initiatives** (RDI) is investing in skilled, active and connected local leaders to support locally driven community and economy-building initiatives. RDI’s Rural Community Leadership Program aims to provide skill-building training to community residents while connecting them to one another and to their communities in ways that promote small successes and ultimately result in social, economic and environmental vitality.⁶

In Maine, the **Maine Community Foundation** provided a multiyear grant to the Maine Broadband Coalition to build support for broadband expansion and digital inclusion. The foundation also funded digital literacy classes to ensure people have the necessary skills to use computers and the internet.⁷

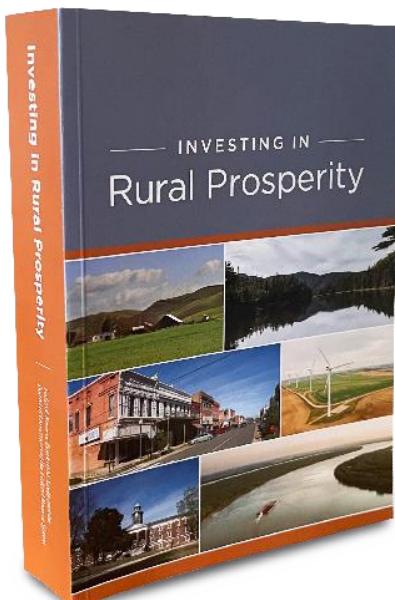
Keys to Success

- Invest in nonprofit capacity through operating support, capital provision and technical assistance.
- Foster robust local engagement and leadership through training and financial support.
- Support inclusive, asset-based, forward-thinking community planning efforts.
- Leverage partnerships and collaboration by connecting scattered rural stakeholders, helping local partners access peer networks, and financially supporting collaborations.
- Strengthen individual and community resiliency by promoting wealth-building, financial capability and homeownership⁸

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For More Information

- ¹ Kackar, Sarah; and Harris, Susan Fitter. “[Building Local Capacity in Rural People, Places and Systems.](#)” *Investing in Rural Prosperity*, Federal Reserve Bank of St. Louis and the Board of Governors of the Federal Reserve System, 2021, pp. 461-74.
- ² Lobao, Linda; and Kelly, Paige. “[Local Governments across Rural America: Status, Challenges and Positioning for the Future.](#)” *Investing in Rural Prosperity*, Federal Reserve Bank of St. Louis and the Board of Governors of the Federal Reserve System, 2021, pp. 81-91.
- ³ Kackar and Harris (2021).
- ⁴ Giovannitti, Jen. “[Core Intermediaries and Collaborations: Increasing Scale, Adaptability and Access to Resources in Rural Communities.](#)” *Investing in Rural Prosperity*, Federal Reserve Bank of St. Louis and the Board of Governors of the Federal Reserve System, 2021, pp. 525-34.
- ⁵ Davis, Carrie. “[Creating Sustainable Rural Communities through Collaboration.](#)” *Investing in Rural Prosperity*, Federal Reserve Bank of St. Louis and the Board of Governors of the Federal Reserve System, 2021, pp. 333-43.
- ⁶ Khokhar, Heidi. “[Meeting Leaders Where They Are: Lessons from the Rural Community Leadership Program.](#)” *Investing in Rural Prosperity*, Federal Reserve Bank of St. Louis and the Board of Governors of the Federal Reserve System, 2021, pp. 409-21.
- ⁷ Hegle, Jeremy. “[Bringing Broadband to Rural America: The Role for Philanthropy.](#)” *Investing in Rural Prosperity*, Federal Reserve Bank of St. Louis and the Board of Governors of the Federal Reserve System, 2021, pp. 223-36.
- ⁸ Kackar and Harris (2021).



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