



FEDERAL RESERVE BANK *of* ST. LOUIS  
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# Are We There Yet? Why Inclusive Development Matters to Rural Communities

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**The view expressed in this presentation are my own and do not reflect the views of the Federal Reserve Bank of St. Louis, the Federal Reserve Board of Governors, or the Federal Reserve System.**



# EIGHTH FEDERAL RESERVE DISTRICT

By zones and counties



## About the Federal Reserve

- The Federal Reserve is the central bank of the United States. It is responsible for monetary policy, supervision and regulation of banks, and payment systems.
- Its community development function aims to promote economic resilience and mobility for low- and moderate-income and underserved individuals and communities.
  - Sharing Ideas
  - Research
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# Exercise 1: Let's Go on a Trip!



# Overview

- The “TRIC” Framework to foster shared economic prosperity
- Inclusive Development and Why it Matters
- 3 Lessons for Success
- Group Exercise



# The “TRIC” to Shared Rural Prosperity

- Rural communities are more likely to achieve broad-based economic prosperity if they take an asset-based, equitable approach to development
- The “TRIC” approach to rural development is:
  - **Tailored** to the specific goals, assets and organizational infrastructure of the community;
  - Designed to be **resilient** to changing circumstances;
  - Intentionally **inclusive** about who is at the decision-making table and who benefits from local development; and
  - Created and carried out through a **collaborative** process.



# The four TRIC principles are intimately interrelated and mutually reinforcing



# Inclusive Development and Why it Matters

The insights in this section are drawn from Poyo, N. (2021). Inclusive Development: A Competitive Advantage for Rural Communities. In A. Dumont, & D.P. Davis (Eds.), Investing in Rural Prosperity (pp.181-191). Federal Reserve Bank of St. Louis & Board of Governors of the Federal Reserve System.





# Inclusive: Engaging and Benefitting the Full Community

- To advance shared economic prosperity in a rural place, development activities must be inclusive of the full range of people living in the community, especially those who traditionally may be on the sidelines.
  - Being inclusive means more than just inviting a couple more diverse people into the existing process; it means rethinking your entire approach.
  - It often means by ensuring that traditionally marginalized groups have a seat at the table, not only to have their voices heard but to exercise decision-making power.
  - It also requires prioritizing at all stages the distributional effects of choices on different groups, and how those choices relate to their desires, needs and skills.
- Those on the sidelines of the community are often there because obstacles exist that limit their participation.
  - Intentionality is required, therefore, to address the barriers they face and to open the door for new opportunities
- Ensuring everyone benefits from the community's growth and prosperity will strengthen the community's fabric and lead to a stronger economy.



**Inclusive development recognizes that some communities have been economically marginalized, experiencing less access to the capital, services and other resources critical for social or economic mobility, or both**



# Inclusive: What does it look like?

**CEI – a CDFI based in Maine – runs StartSmart, which provides no-cost, confidential, and linguistically and culturally sensitive business advice to community members who are refugees and immigrants.**

- Between its launch date and early-2021, CEI had advised 1,551 immigrant entrepreneurs and helped them start 470 businesses through StartSmart.**



**The success of any effort to advance inclusive rural development relies heavily on the capacity of institutions that deliver capital and economic opportunity in the target community**



# Inclusive: What does it look like?

**Higher Purpose Co. launched the Higher Purpose Business Fellowship (HPBF), the first business fellowship program in Mississippi specifically targeted to the needs of Black businesses.**

- HPBF is a six-month program anchored by a culturally relevant curriculum, business growth support, and access to the Higher Purpose Funding Network.**



**Community-Based organizations are often more effective because their services and products are specifically designed to the need and opportunities of their communities**



# Inclusive: What does it look like?

**The California-based San Joaquin Valley Health Fund (SJVHF) is community-driven, meaning the community partner organizations, not the contributing funder partners, set the fund's priorities and direction.**

- Each year the community partners develop and adopt a policy platform which guides the year's activities, including SJVHF grantmaking, capacity building and networking activities, and advocacy.**



**As a result, the capacity of community-based institutions has an enormous impact on access to economic opportunity among historically marginalized groups**





# Group Exercise



# Inclusive: Example Questions to Consider

## *Community Members*

- Are any segments of your community missing from the decision-making table? Does everyone at the decision-making table have an equal voice in the ultimate decision?
- Is your plan for advancing shared local economic prosperity culturally relevant for your community's most vulnerable members, and does it explicitly focus on benefiting those members?

## *Funders*

- How do the perspectives and voices of those often left on the sidelines shape your funding priorities and strategies?
- In deciding whom to fund, do you prioritize organizations led by people of color, immigrants, those with less-formal education, or other traditionally underserved groups? Do your outreach and marketing materials reach these populations, and are those materials in their primary languages?

## *Policymakers*

- Do your policies or programs incentivize or require grantees to include marginalized groups at the decision-making table?
- Do any of your policies or programs create unintentional access barriers among certain population groups?



# 4 Lessons for Success



**Design products and services for the specific needs and opportunities of the target community.**

**Often, this is best achieved by community-based organizations led by people from those groups**



**Build the capacity of community-based organizations by helping develop systems and procedures for program delivery, by providing unrestricted net assets or long-term subordinated investments and by investing in human capital.**



**Ensure traditionally marginalized groups have a seat at the decision-making table, not only to have their voices heard but to exercise decision-making power.<sup>9</sup>**



**Increase philanthropic support, including nonfederal funds, to leverage public dollars.<sup>1</sup>**



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