Doing Economic Development Differently: WealthWorks Principles

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Goals of a Wealth Building Framework

#1 – **Build wealth**, broadly defined, and aspire to do no harm.

#2 – Root wealth in local people, places and firms through **local ownership, control and influence**.

#3 – **Build lasting livelihoods** by intentionally including people and firms on the economic margins.
How is wealth typically defined?

Wealth is not just money.

Wealth is the reservoir of all assets that can contribute to the well-being of people, places or economies.
Wealth Components: Eight Capitals

- **Intellectual**
  - Knowledge and innovation

- **Human**
  - Skills, education, health

- **Social**
  - Trust and relationships

- **Natural**
  - Productive Natural resources

- **Built**
  - Infrastructure

- **Political**
  - Influence on decision makers and shapers

- **Financial**
  - Savings and investment

- **Cultural**
  - Traditions, customs and ways of doing

*All are required to grow and sustain a healthy economy!*
#2: Ownership Makes Wealth Stick

Capitals that are “owned” locally build wealth

- Local ownership is the anchor that helps wealth and change stick.
- Broad-based ownership benefits more people.
- Benefits – e.g., income, know-how, better technology – flowing from local ownership of capitals can be re-invested and re-circulated locally, enriching many.
- Local ownership increases the chances of preserving local jobs.
- Community investment is community ownership.
#3: Build Lasting Livelihoods

Intentional inclusion means more people have “Lasting livelihoods”...

- Ability to overcome vulnerability, maintain dignity and control, take risks to seize opportunities.
- People at the margins are earning (and saving!) more.
- They have improved skills to qualify for higher-paying jobs and to build their careers.
- They are putting something aside for the future, e.g., building assets, so they are more resilient.
- The economy overall is stronger, as all resources are brought to bear and less drain on supportive systems.
Wealth Building Blocks

• Work is about **Systemic Change** – this is about using a full picture to identify leverage, and then focusing on those tipping points for lasting change.

• Build **deep collaborations**
  – Planning
  – Implementation
  – Problem solving
  – Across private / public sectors

• Identify **individual-interest** of each collaborator

• Think **regionally** – wealth building opportunities may be anchored in place but bring new resources into community
How: Strategies for Wealth Building

• Choose market opportunities with the greatest “wealth-building” potential

• Use the wealth matrix to find underutilized assets and measure change

• Connect community assets to real market demand
  – Start by serving local demand – it may be more flexible
  – Find regional customers / demand partners to bring initiative to scale

• Map process and partners from input to end customer (value chain is a great tool)

• Identify gaps – create opportunities for new entrepreneurs
Wealth Building Value Chains

Value Chain Coordinator

Inputs/Production → Training/Processing → Distribution → Final Consumers

Market Information

Enabling Environment

Social Economic
Support Products/Services
Business Financing
Technology
Illustrative Results

• 160 homes receive energy efficiency upgrades, at a total cost of $1.3 million, saving $225,000 in one year (policy now in place for 1,000/year)

• Over 4 years, 80% increase in number of wholesale buyers, and increase of over 258% in value of purchases in Central Appalachia Local Food value chains

• Over 4 years, increase of over 199% in gross revenue to agricultural producers

• Over 2 years, increase of 48% in number of jobs in the local food system

• Development of new mortgage product for energy efficient homes, resulting in 85 HERS rated, affordable housing units delivered in 2014

• Development of new appraisal and certification practices to capture value of HERS units; 150 HERS certified inspectors/appraisers trained