



Wales Centre for Public Policy
Canolfan Polisi Cyhoeddus Cymru

What Works in Tackling Rural Poverty:

An Evidence Review of Economic Interventions

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Summary

- The lack of economic opportunities, job insecurity and low wages are important causes of rural poverty in many parts of Wales.
- This report examines the effectiveness of approaches to strengthening rural economies drawing on evaluations of interventions in a range of OECD countries. It identifies four main approaches: large scale, area-wide strategic development programmes; loan funds; angel investment; and Individual Development Accounts.
- Large scale area-wide rural economic development programmes are difficult to evaluate and appear to have had mixed success. There is evidence that they can deliver structural and systemic change provided there is effective stakeholder involvement, partnership working and coordination of individual initiatives. The UK's exit from the European Union may bring opportunities for Wales to develop large scale programmes that are tailored to its needs and integrate economic, social and environmental development with support for agriculture, fisheries and forestry.
- There is evidence that revolving loan funds, which recycle a single pot of money over time, have potential to benefit a larger number of individuals or businesses. Government backed schemes for both small scale and larger high-risk investment could benefit rural economies in Wales.
- Evidence from the USA and Canada suggests that 'angel investing' is valuable to smaller-scale and riskier business activities, filling the gap between borrowing from friends and family, and venture capital or commercial lending.
- Individual Development Accounts, which reward saving with additional funds once a target is achieved, have been operated successfully by several states in the USA for many years, and there is evidence that they can help lift individuals and households out of poverty.
- Adopting these interventions in isolation is unlikely to have a significant impact on rural poverty. Policy makers need to champion integrated strategies that combine initiatives to encourage business growth with support to individuals. This approach is more likely to secure the services and skills needed to access job opportunities and career progression.

Introduction

The Welsh Government has supported a wide range of programmes to address rural poverty and yet recent estimates suggest that almost a quarter of the rural population of Wales is living in poverty. The causes of rural poverty are complex and multi-faceted, but lack of economic opportunity, job insecurity and low wages are known to be important contributory factors. Improving conditions for business development and job creation is, therefore, essential to long-term poverty alleviation in rural areas.

Continuing pressure on the Welsh Government's budget combined with the potential loss of EU funding for rural programmes means that it is imperative that in future resources are targeted on the most cost-effective approaches to strengthening rural economies in order to tackle rural poverty.

This report provides an overview of interventions that have attempted to reduce rural poverty by supporting rural economies in a range of OECD countries. The evidence is drawn from a search of the academic literature, government documents, annual reports and organisational websites. It focuses on studies published from 2000 onwards that provide some form of evaluation, or impact assessment, of relevant interventions. Most of the interventions identified were in English speaking countries, particularly the UK, Canada, USA, Australia and New Zealand, though there are some relevant studies from continental Europe, particularly Scandinavia.

This report focuses on two main types of intervention:

- Large scale state funded development programmes (such as the EU's Rural Development programmes) that attempt to stimulate local and regional sectors of large economies; and
- Interventions specifically aimed at increasing the 'wealth' of individuals or areas.

It does not examine what might be termed 'poverty alleviation' programmes aimed at supporting households categorised as being 'in poverty' through redistributive policies such as welfare and various forms of benefit transfer.

The report describes interventions that were identified by the review of existing evidence, explores their effectiveness, and discusses the policy implications for Wales.

Description of Interventions

There are numerous examples of projects targeting aspects of rural economic development, such as skills development, job creation, strengthening supply chains, and adding value to products. There are also large numbers of small-scale area-wide rural development programmes, the most well-known of which in Europe is the LEADER (a French acronym for “Links between actions for the development of the rural economy”) programme which started in the early 1990s and is currently implemented under the EU Rural Development Regulation. Many individual projects within LEADER areas have had some success in supporting economic development at the local level but replicating such projects in different contexts is more complex. A project that is effective in one context may not operate so well under different conditions, and effectiveness of single projects, or even groups of projects, does not necessarily translate into area-wide improvement. This report explores programme level interventions with capacity to bring about long-term and sustainable changes to the rural economy of a region, or country, such as Wales.

Table 1 identifies a number of approaches to improving rural economies. These interventions (described in more detail in Appendix A) range from support for individuals (for example, individual development accounts) to state-wide economic development programmes (for example Vermont Farm-to-Plate). They were selected to represent a range of alternative approaches to supporting rural economic development, which have been subject to sufficiently robust evaluations to allow some conclusions to be drawn about their impacts.

The main challenge in presenting a set of interventions taken from different countries, such as that in Table 1, is the need to understand the policy context in which each intervention operates in order to fully understand what makes it effective. Each intervention is embedded in a particular socio-economic policy context, where effectiveness and impact may rely on supporting programmes and financial structures that provide incentives for action. Taking a specific intervention mechanism out of its local context could lead to misinterpretation and misunderstanding. We have tried to take this into consideration in the report by selecting interventions that meet criteria for transferability to Wales:

- They have the potential to operate outside of the local context (i.e. they are not dependent on linked programmes for success);
- They are selected from areas where the rural context has some similarities to rural Wales (e.g. the small rural state of Vermont in the USA); and
- The application or implementation of the intervention would not require deep structural change to current policies and political processes.

Applying these criteria identified ten interventions in three countries (and the European Union in the case of agriculture and rural development programmes).

These interventions can be assigned to four broad categories of rural economic development support:

- Area-wide development programmes (including rural development, and agricultural support programmes);
- Government grants and loans;
- Stakeholder sources of capital (including: community loan funds, 'slow money', Angel investors); and
- Individual support mechanisms.

Area-wide development programmes

Table 1 provides three examples of area wide programmes specifically targeted at rural economic development:

- The Duke Endowment 'Strengthening Economic Development in Rural Communities';
- Vermont 'Farm-to-Plate'; and
- EU Rural development programmes (including LEADER).

The Duke Endowment 'Strengthening economic development in rural communities'

The Duke Endowment took a partnership approach across 22 counties in North and South Carolina, working with organisations such as churches and hospitals and a community facilitation body. The main focus was on job creation and training in rural communities. The project evaluation (conducted internally) noted that only 10 of the funded projects produced 'significant and lasting change' while in terms of job creation the evaluation suggested that only 36% of those undertaking training found employment. The programme ended in 2009, shortly after economic recession had overtaken the US economy as a whole (which may account for the lack of evidence of long-term economic impacts). However, the evaluation identifies wider benefits, including:

- the development of key 'leadership and other assets' needed to pursue long-term economic renewal;

- a willingness of people and organisations to work across boundaries and engage with others (boundaries included racial, geographic, territorial and institutional); and
- the time taken to assess local contexts and develop plans helped teams build a reliable understanding of the community situation they wished to change.

Vermont 'Farm-to-Plate'

A more focused approach is currently being taken in Vermont, a small, mountainous and rural state in the north-eastern USA. The 'Farm-to-plate' programme has the primary goal of building economic development on the basis of the state's agricultural sector. Farm-to-Plate is a ten-year state level programme initiated in 2009 aimed at "increasing development and jobs in the farm and food sector through enhancing food processing capacity, and improving access to healthy local food". The programme has a total of 25 objectives relating to increasing production, sales, and consumption of locally produced food, which were established to achieve a step-change in economic activity, and each objective has a number of strategies, actions and performance indicators to ensure progress. In order to achieve the high level of coordination required across different sectors an organisational network was created covering all elements in the supply chain and supported by the Vermont Sustainable Jobs Fund (VSJF). The VSJF spent 18 months developing the strategy before the formal programme was launched in 2011 (details regarding implementation are described in the 'Effectiveness of Interventions' section on page 15 of this report).

EU Rural development programmes (including LEADER)

In many ways the Vermont Farm-to-Plate approach is similar (although perhaps more geographically focused and strategically targeted) in nature to the rural development programmes implemented under the EU Rural Development Regulation in all European Union member states. EU Rural Development Programmes (RDPs) vary enormously across Europe with different approaches taken in member states with a mix of national and regional level implementation (Wales, England, Scotland and Northern Ireland have their own RDPs). The UK programmes have focused largely on support for ecological improvement through continued economic support for agri-environment agreements. The programmes operate over seven-year programme cycles with significant amounts of investment going into the rural sector.

Spend on the 2007-13 England RDP, for example, amounted to €4,445 million over 2007-13 which was spread across three broad objectives (referred to in the RDP documentation as 'Axes'):

- Axis 1 - Improving the competitiveness of the farming and forestry sectors;

- Axis 2 - Improving the environment and the countryside; and
- Axis 3 - Rural quality of life and diversification of the rural economy.

The majority of the funding (81%) in the England RDP went to Axis 2, of which 82% was allocated to Measure 214 to support agri-environment agreements. Overall, two-thirds of total RDP spending in England across the 2007-13 period was spent on continuation of support to farmers for agri-environment agreements. A total of 10% of the funding was focused on Axis 1 (improving the competitiveness of farming and forestry), while only 5% was focused on quality of life and diversification of the rural economy (Axis 3). A further 4% was directed to operation of local action groups (LAGs) under the LEADER programme (referred to as Axis 4), which varied across the country in terms of the Measures and Axes they were entitled to deliver in their territorial areas (Defra, 2016). LEADER support was spread across 64 areas managed by Local Action Groups (LAGs) made up from public, private, and third sector organisations. LAGs varied widely in their effectiveness, based on different local contexts, the make-up of the LAGs, and previous experience of personnel in managing EU development funding.

A total of 39% of Axis 3 funding was delivered almost entirely through LEADER groups focusing on small scale service and village renewal measures “which together supported 14,000 small enhancements to rural facilities and rural community events, with village renewal measures reaching an average of 28 villages in each LAG area” (Defra, 2016). The impact of these improvements, while potentially significant to the individual beneficiaries locally, have not been assessed in a more integrated fashion.

The implementation of Axes 3 and 4 of the 2007-13 RDP were more closely integrated in Wales but the ex-post evaluation (Griffiths et al., 2013) suggested the LEADER implementation was ‘patchy’ and economic benefits were “generally seen on a micro level rather than on a macro level.” The report concluded that overall the economic impact was not substantial and varied considerably from one area to another

Table 1. Summary overview of interventions: rural economy

Subject: Rural Economy

Intervention	Location	Characteristics	Description of intervention	Evaluation
The Duke Endowment 'Strengthening Economic development in rural communities'	N. and S. Carolina, USA	Support to rural communities facing plant closings, cultural divides and leadership shortages that struggle to generate economic growth. Operated 2001 – 2009.	The Duke Endowment launched a programme to produce tangible economic outcomes, such as new or better jobs as a result of training or job development. Total of \$11.7 million in grants allocated across 22 counties or multi-county regions.	Evaluation limited, possibly biased in favour of benefits from the programme. Results mixed. Of the 22 sites selected for grants, 20 completed the program. Seventeen of the 20 continued activities beyond the grant period. 10 produced significant and lasting change, while others learned valuable lessons about social barriers to economic growth.
Farm-to-Plate	Vermont, USA	State-wide programme to increase economic development and jobs in the farm and food sector. Started 2009	Developed under Sustainable Jobs Fund. Primary goals to increase economic development in Vermont's food and farm sector. Goals are to increase local food productions and local sales of food, and to enhance food processing capacity. Based on notion of mutually reinforcing activities.	Total of \$80 million invested since 2009. Estimated net new jobs in Vermont food system increased 6% (3,486) 2009-13, including 1,500 manufacturing jobs. Estimated net new farms and farm businesses increased 6% (645) 2009-13 including 354 new farms (no information on type of jobs, or size of new farms or other causal factors).
Vermont Community Loan Fund	Vermont, USA	VCLF is a community-focused alternative lender - makes loans to local businesses, community organizations & non-profit bodies who don't qualify for a loan from a traditional lender.	VCLF provides loan capital to create opportunities that lead to healthy communities and financial stability. Focus on businesses and programs that help lower-income Vermonters access safe, affordable homes, quality jobs, child care and essential community services.	Fund has loaned over \$85 million since 1987. Benefits include: - 4,500 jobs created or preserved - 3,500 people (and their families) benefit from new or rehabilitated affordable homes - 3,400 children + families benefit from creation or preservation of quality care - Support community organizations providing essential services to state residents
Slow Money Maine	Maine, USA	Connects farmers, fishermen and food entrepreneurs to financing. Started 2010	Based on concept of Peer-to-peer Lending, where individuals make loans directly to food producers, Loans range from \$1,500 to \$40,000 with varied terms (usually around 3-5% interest and 1-3 years for repayment).	Initiative given 1.9 million in loans, \$1.5 million in grants, \$0.6 million in equity. Money awarded as follows: \$505,000 to farms and small food businesses; \$2.6 million to food processing; \$900,000 to protect farmland.

Subject: Rural economy

Intervention	Location	Characteristics	Description of intervention	Evaluation
BrightStar Wisconsin.	Wisconsin, USA	<p>Focus is job creation.</p> <p>Wisconsin is lagging behind in funding for start-up companies and new job creation.</p> <p>Operation: 2014 - present</p>	<p>An example of 'Angel investment' - supported by tax credits incentives from the State.</p> <p>Foundation set up by 8 donors pledging \$500,000 to seed a fund for \$6 million.</p> <p>Earnings and return of proceeds on investments are re-invested. Focus is on companies <100 employees and operating <10 yrs.</p>	<p>December 2016 - BrightStar portfolio consisted of 32 companies (since 2014).</p> <p>2015 Annual Report indicates total assets of \$7.8 million and Portfolio Investments of \$3,814,233 in 14 companies and total jobs created as result of investment = 66 (i.e. after 1 year of operation). As of Dec. 2015.</p>
Angel Financing	Canada	<p>Rural economies lacking diversity and dominated by declining business sectors, young skilled labour is abandoning Canada.</p>	<p>Addressing issue of raising start-up funding for small enterprises. Trying to fill gap between debt (bank loans) and venture capital.</p> <p>Angel investors - invest their own money in exchange for equity stakes.</p>	<p>Angel market 'feeds' the venture capital market. Highly transparent but limited wealth. Angels often reluctant to make investments.</p>
Individual Development Account Initiative	Oregon, USA	<p>Support for individuals to save money and invest.</p> <p><i>'invests in the personal and financial growth of individuals to build strong communities'</i></p> <p>Operating since 1999</p>	<p>Match funding as incentive for those saving money towards a specific goal. Linked with financial and budgeting training.</p> <p>Participants enrol and set a goal for saving. Once the goal is reached and all parts of the savings plan are completed, every dollar saved is matched.</p>	<p>Most successful programme in USA - and largest. Now the largest state IDA Initiative in the US</p> <p>4,986 individuals opened an IDA January 2012 to May 2015</p> <p>Number of new savers doubled in 5 yrs.</p> <p>70% graduate from programme each year on average</p> <p>Financial habits improved – and sustained over time.</p>
STREET microfinance	UK	<p>Street' was set up in 1999 to provide loans to very small enterprises run by self-employed operators who were not considered creditworthy by banks.</p> <p>Operated 2000-03</p>	<p>Esmee Fairbairn Foundation awarded Street £1.3m to develop its work. Street, a CDFI, offered £650,000 of loans to 260 micro enterprises and expanded its enterprise support services to help applicants become credit-worthy.</p>	<p>Street experienced lower than expected demand for its loans and higher costs. Still operates – offers loans of £200 - £1,000 over 1 yr.</p> <p>2015 - 16 Street advanced £2.3 million saving clients over £1.5 million. A total of 79% of clients said the impact was more than just financial</p>
Rural Communities Energy Fund	England	<p>Support for communities to develop local energy assets</p> <p>Operated: 2013-17</p>	<p>A three-phase programme of support through an initiative shared between 2 government departments (DECC and Defra). Grants (up to £20,000) for feasibility studies; followed by loans up to £130,000 to take projects through planning process.</p>	<p>Evaluation indicates feasibility grants valuable in identifying suitable projects for development. Phase 2 funding to get projects through planning process – take-up low. Loan arrangements perceived as unfavourable, other sources of financing used in some cases. Changes in government policy have reduced confidence and flow of projects.</p>

Subject: Rural Economy

Intervention	Location	Characteristics	Description of intervention	Evaluation
Rural Development Programme	England (All EU Member states, and some regions)	Operated: 2007-13	Axis 1 and 3 targeted at rural development in terms of improving competitiveness of agriculture and improving the quality of life in rural areas. In England the majority of funding (79% used to support agri-environment agreements on farms). Relatively small proportion focused on diversification of the rural economy.	Ex-ante/mid-term/ex-post evaluations Ex-post evaluation conducted 2015-16. A forward-looking analysis of spending under RDP programmes carried out for 2014-20 across all 28 EU member states. Major source of funding to deliver land use change and environmental quality improvement (soil, water, biodiversity, climate change). Rural economy and employment impacts limited by scale of actions and socio-economic actions not directed towards achieving economic objectives. Some increase in rural employment – mostly in part-time, casual and seasonal jobs.
LEADER	England (All EU Member states operate LEADER programmes)	Operated: 2007-13	LEADER has operated in various iterations since 1991. Mainstreamed into the RDP in 2007-13 and delivered Measures under Axes 1 and 3. Received 4% of the overall RDPE budget of £4.445 billion spread across 64 Local Action Group (LAG) areas.	Evaluated as part of the Ex-post RDPE evaluation conducted 2015-16. Contributed to socio-economic objectives through focusing small proportion of Axes 1 & 3 spending on LAG territorial areas. Variable effectiveness depending on local context and effectiveness of managing body. Some LAGs improved supply chain linkages (e.g. forest related products such as fuelwood in Cumbria); and supported micro-business development and improvement to local services (e.g. village halls/community centres)

Government grants and loans

Traditional forms of investment support include grants and loans allocated through competitive bidding processes. One example is the Rural Communities Energy Fund (RCEF) that provides support for communities in England to develop local energy assets. The aim is to support community-based organisations to create local energy generation assets that can either utilise the energy locally (e.g. small-scale building or district heating) or sell it to produce an income stream for the community. The programme started in 2013 and to date has supported renewable energy feasibility studies in approximately 100 communities. The scheme offers a two-phase programme of support. The first phase offers grants of up to £20,000 for feasibility studies, followed by (Phase 2) unsecured loans of up to £130,000 to take projects through the planning process. Changes in government policies related to feed-in tariffs have recently reduced demand for Phase 2 loan funding due to reduced economic viability of projects (Ricardo Energy & Environment and CCRI, 2017).

The EU rural development programmes also operate through the allocation of funding through competitive grants (and to a lesser extent the use of loans). Under Axes 1 and 3 of the 2007-13 RDP for England, for example, a total of €634 million was awarded in the form of grant funding to recipients for wider rural development (€433 million under Axis 1 and €201 million under Axis 3; Defra, 2016). A proportion of this funding was delivered through LEADER groups through competitive bidding within defined territorial areas. The grant funding required matching funds from the beneficiary, which varied between measures but was typically around 60% private sector funding for capital investment projects.

Stakeholder sources of capital

Stakeholder financing consists of (non-traditional) funding sources based on raising capital from those that have “a stake in the project’s success.” Sources of funding are often local and come from those that share common aims such as creating community benefits, or they might be part of a value chain and want to see it succeed (Wealthworks, 2014). Examples of this form of intervention identified in Table 1 include: community loan funds, slow money, and two examples of angel investment (Bright Star, Wisconsin, and Angel Financing in Canada).

Slow Money Maine

'Slow Money', Maine operates on a relatively small scale, and is part of a larger national 'slow money' movement (Slow Money, 2014) designed to support those wanting to engage in direct investment to support local food production. The Maine organisation was established in 2010 to link farmers, fishermen, and food entrepreneurs to sources of financing through peer-to-peer lending (Slow Money Maine, 2017). Individuals make loans directly to food producers through a coordinator who connects investors with food system businesses. Loans are reported to range from \$1,500 to \$40,000 with varied terms (usually around 3-5% interest and 1-3 years for repayment). The Slow Money project also set up 'investment clubs' to strengthen Maine's local food economy by making small loans to farms and food businesses (up to \$5,000).

Vermont Community Loan Fund

Community loan funds operate in a more traditional manner but make finance available to those who would not normally be able to access it through standard commercial or government sources. In the USA there are over 1,000 community development financial institutions (CDFIs), some of which are banks or credit unions, but most are loan funds operated at community level (WealthWorks, 2014). The Vermont Community Loan Fund (VCLF), for example, states that its aim is to "provide loan capital to create opportunities that lead to healthy communities and financial stability" (Vermont Community Loan Fund, 2015).

The overall goal of VCLF is to deliver capital-based approaches to support alleviation of poverty. It targets businesses and programmes that help low-income households to access affordable homes, jobs, child care, and community services. The money loaned comes from a range of sources, including: the local community itself, from individuals and families, corporations, foundations, faith-based groups and others. Between 1987 and 2015 the Fund loaned approximately \$85 million (Vermont has a population of around 625,000 including urban areas).

Angel Investing

Angel investment is a recent, but fairly widespread activity (similar activities occur in many countries, including the UK), aimed at supporting businesses in the early stages of growth and development. Angel investors sit between the level of support provided by family and friends, and that provided by venture capitalists, and they are usually wealthy people (sometimes local to the area in which they invest, but not always) who provide capital for business start-up or early growth in exchange for ownership equity or convertible debt (WealthWorks, 2014).

One example is the BrightStar Wisconsin Foundation (Brightstar, 2015), established in 2014 with a focus on job creation. The Foundation was set up by eight donors pledging \$500,000 to support a \$6 million fund and intended to provide a vehicle to help fund job creation. In Wisconsin 'Angel investment' is supported by tax credit incentives from the State (equal to 25% of the amount of the equity investment). Earnings and return of proceeds on investments from the Foundation are reinvested, with the aim of promoting fast growing early-stage companies (defined as <100 employees and <10 years old) in Wisconsin.

Individual support mechanisms

Individual Development Accounts (IDA)

An Individual Development Account (IDA) provides support for individuals to save money and invest. IDA programmes can be found in many states across the USA (targeting both rural and urban residents), with the aim of "investing in the personal and financial growth of individuals to build strong communities." A 2007 report indicated over 500 community-based organisations supporting a total of 50,000 individual accounts in 30 states with total savings in excess of \$14 million (Cfed, 2007). The Oregon IDA provides match funding as an incentive for those saving money towards a specific goal and is now cited as the largest and most successful IDA programme in the USA (Oregon Individual Development Account Initiative, 2015). The programme is only open to those meeting specific low income and social criteria, and acceptance into the programme involves compulsory budget and financing education, and training. The initiative is funded through a state tax credit incentive whereby individuals and businesses can make donations to the Oregon IDA Initiative through 'Neighbourhood Partnerships', a non-profit organisation. The donations produce the base funding to match the savings of IDA participants. In 2012, a total of \$10 million was contributed to support the IDA programme, suggesting significant growth in support for this form of intervention over the five-year period from 2007.

Effectiveness of Interventions

It is difficult to gauge the cost-effectiveness of many of the programmes and activities identified because few independent evaluations have been conducted, and there is limited information on programme expenditure. The evidence presented in this section is derived from the evaluations, annual reports, internal reviews, and information from organisational websites that are available.

Large scale, area-wide development programmes

Large scale, area-wide rural economic development programmes are complex long-term strategic initiatives, involving multiple organisations and individuals and incorporating a wide range of individual but coordinated interventions aimed at delivering clear goals. There is a long tradition of area-wide or regional development programmes to support economic development in some of the poorest rural areas of the USA. Examples include the Appalachian Development Commission, set up in the 1960s, and more recently the Denali Commission (1998), the Delta Regional authority (2000), and the North Great Plains Regional Authority (2008) (Pender, et al., 2012). They require significant amounts of political will, stakeholder participation and support to be successful, but can bring about structural or systemic change across a wide region, which over time can alter underlying behaviour.

The Duke Endowment 'Strengthening Economic development in rural communities'

The Duke Endowment programme ('Strengthening Economic development in rural communities') illustrates some of the difficulties of undertaking large-scale rural development. The programme evaluation reported a total of 229 small-business start-ups (with 453 new jobs being created) and 455 'new leaders' trained in economic development, based on an investment of \$11.7 million (plus an additional \$6.6 million leveraged for investment in economic renewal). However only one third of trainees found employment and there was little information regarding the type, suitability, or sustainability of the jobs provided (Duke Endowment Fund, 2009 and 2017). The wider context of nationwide economic recession influenced the outcomes of the programme, but the evaluation does suggest that relatively little in the way of lasting economic development was achieved in the target area, given the level of expenditure.

Vermont 'Farm-to-Plate'

The Vermont 'Farm-to-Plate' approach appears to be more successful, perhaps indicative of a more focused and participatory method to programme objectives (18 months of consultation and development), building on the state's important agricultural base. Data from annual reports suggest that net new jobs in the Vermont food system increased 6% (3,486 jobs) over the period 2009-13, including 1,500 manufacturing jobs, while farms and farm businesses increased by 6%. The expansion of the local food system is estimated to have increased the gross state product by \$747.1 million.

Identifying the level of expenditure is difficult because annual reports suggest investment came from a range of sources, including:

- \$2 million (from the Working Lands Enterprise Fund) invested in farm and food, forest and wood products enterprises and technical assistance programmes;
- \$5.8 million (from the Vermont Food Funders Network) invested in grants (mostly for food security); and
- \$73 million invested in the Vermont food sector from variety of different sources.

Administering the programme appears to cost in the region of \$600,000 per annum. The 2015-16 annual report (Annual Report Year 6: Fiscal 2016 www.vtfarmtoplate.com) indicates that expenditure pays for personnel, running meetings and workshops, campaigning, and a website, with around 50% of the money going to project support). Annual income (in 2016) was \$638,000 with 60% coming from private foundations, 25% from the state government, and the remainder from sponsorships, contributions and registration fees.

EU Rural development programmes (including LEADER)

EU Rural development programmes vary enormously from one country to another and address different contexts and problems. The focus of recent rounds of the EU rural development programme expenditure in England has been on environmental improvements through agri-environment agreements with farmers and landowners. The ex-post evaluation used a Social Return on Investment (SROI) analysis to assess its impacts. It estimated that over the six-year programme period around 8,500 farm businesses benefitted from Axis 1 grant support (around 15.4% of the England total), while slightly less than 6,000 rural micro-enterprises (1.75% of the total) received some form of support under Axis 3.

Although the SROI model indicated positive returns on the grant investment for both Axes (i.e. the public funding element of the investments) some elements of Axis 1 and Axis 3 indicated a negative rate of return when public and private sector investment were considered together.

The evaluation (Defra, 2016) noted that the contribution of the England RDP to the growth of the rural economy and employment was “limited by the scale of actions and the fact that socio-economic measures were not solely directed towards economic objectives.” For example, some of the Axis 1 Measures focused on the on-farm efficiency of resource use, improving animal health, and welfare in order to make farms more competitive. Axis 3 Measures did provide for increased employment through economic diversification but mostly in the form of part-time, casual and seasonal jobs. The evaluation also noted that baseline indicators for economic growth, employment creation, and labour productivity had risen over the programming period, “the absolute magnitude of the effects for Axis 1...and Axis 3... is modest relative to the size of the rural economy and of the agricultural and forestry sectors...and there was an element of deadweight associated with business support.”

The SROI model noted that for the different outcomes examined under Axes 1 and 3, deadweight scores ranged from 10% up to 32% for various aspects of Axis 1 Measures, and from 23% up to 50% for outcomes arising from Axis 3 Measures, suggesting a significant amount of outcomes may have occurred without the grant support.

The evaluation could not assess the potential duration of impacts beyond the funding period, and whether the investments in rural areas had been large enough to have lasting impact on rural economies (Defra, 2016). Overall it estimated economic growth had potentially increased by around 3-5% of the overall real gross value added (GVA) growth in rural areas over the 2010-15 period, jobs had increased by 11,000, and labour productivity increased by £13,000 (or 25% of Gross GVA) split between lower costs and increased outputs – largely as a result of investment in technologies and processes.

Stakeholder sources of capital

Angel Investing

‘Angel investing’, a means of leveraging private sector funding to invest in higher risk economic growth in rural areas (where the commercial banking sector is reluctant to act), seems to have had some success in Canada and the USA where there are significant tax incentives. For example, in December 2015, after 18 months of operation, the BrightStar portfolio was reported as consisting of total assets of \$7.8 million with Portfolio Investments of \$3,814,233 in 14 companies and a total of 66 jobs created as result of investment. One year later the annual report indicated investment in a total of 32 companies (Brightstar, 2015 and 2016) suggesting a rapid growth in levels of investment within one state (Wisconsin). More limited activity has taken place in the UK (including Wales) where there is less emphasis on rural investment and the tax incentives are less attractive (Enterprise Investment Scheme (EIS) and Seed Enterprise Investment Scheme (SEIS) tax relief). Nevertheless, angel investment offers a means of bridging the gap between local family support and venture capital, which tends to kick-in when companies are larger and further along in their development.

Angel investment activity in the USA and Canada suggests a role for some form of revolving loan funds in supporting rural enterprise development, particularly smaller-scale and potentially riskier business activity. Such funds can form an essential service in the provision of investment in areas where commercial lenders fear to tread, and/or activities are deemed too small by venture capitalists. The evidence from the USA and Canada (in areas such as Wisconsin), suggests that ‘angel investing’ can play a vital role in encouraging economic development and growth to levels that become more attractive to venture capital and commercial lenders (i.e. supporting development and growth of micro-enterprises and small and medium-sized enterprises (SMEs), for example, enabling the scaling up of food processing activities). There are questions about the extent to which success in a place

such as Wisconsin could be replicated in Wales, where it might be more difficult to find donors willing to engage in higher-risk investments. Provision of advice and training, however, might unlock potential funding, as activity in Canada has suggested that investor training, facilitation and support networks can make angel investment more effective (Wilson, 2013).

Slow Money

The Slow Money approach based on peer-to-peer lending offers a smaller scale means of developing local economies (compared to angel investing). It requires facilitators to link entrepreneurs with businesses who want to start-up or grow. Slow Money Maine, for example, awarded \$1.9 million in loans, \$1.5 million in grants, and \$0.6 million in equity over the period 2010–16. The funding was allocated as follows: \$505,000 went to farms and small food businesses; \$2.6 million to food processing; and \$900,000 to protect farmland (Slow Money Maine, 2017). Operational costs are not transparent, although the annual reports suggest they are relatively low, relying on voluntary input to help determine viability of loan awards. Although the sums are relatively small, they can have a significant impact on recipients, who may not be able to borrow money from more traditional sources, and on the local economy of rural areas in terms of supporting small business development.

Slow Money is similar in some ways to EU LEADER-type development support though most of the funding is in the form of short-term, low interest loans and equity shares, and not grants. The benefit is a more resilient economic base and lower failure rate due to enhanced scrutiny of enterprises receiving funding. The problem with both Slow Money and LEADER-type funding for small business development is ensuring the supported businesses are firmly linked into to a healthy economic base. Scattered support for development of a few micro-enterprises is unlikely to have much long-term impact on the wealth, employment, or rural economy of an area.

Individual support mechanisms

Individual Development Accounts (IDA)

Direct support for individuals, such as through Oregon's individual development accounts (IDA) demonstrates a reasonably high success rate in lifting households out of poverty. The approach supports individuals to develop savings, which can be utilised for a wide range of activities including: education, purchase of vehicles, and improvements to housing. The scheme is state operated with quite stringent selection criteria (e.g. the need to be in employment), and with budgetary training requirements, but with large incentives to help those accepted into the scheme meet their savings targets.

Recent evaluation of the programme over the period 2013-16 suggests significant numbers have benefitted (Stuczynski and Stauss, 2017), with over 4,000 residents opening IDAs and 2,642 reaching their target savings objective. Average savings were \$2,183 per participant (i.e. a total of \$5.8 million saved) and with the match funding provided funds available to participants totalling \$16.3 million). The evaluation found that participants report significant changes in financial knowledge and behaviours with increases in the proportion of participants who use a budget, keep an emergency fund, or make regular deposits to savings. In addition, one year after exiting the program, participants report that their asset (bought with the savings) has brought more stability to their households, and increased confidence in their ability to establish and achieve long term goals (Stuczynski and Stauss, 2017).

The evaluation of the Oregon IDA programme suggests the benefits are multiple and long-lasting, a finding which is backed up by evidence from other state IDA programmes such as Iowa (Brigham and Fisher, 2011). There is also at least one IDA programme targeted specifically at farmers. California FarmLink provides match funding (3:1 match) to farmers who save \$100 per month over 24 months, resulting in a total amount of \$9,600 when the match funding is added to what has been saved. The same report (California FarmLink, 2014) identifies a programme in Michigan in which the IDA savings goal is to provide a loan guarantee to enable farmers to secure financing.

Policy Implications

The examples described in this report encompass a range of approaches to supporting the development of rural economies - from the multi-country EU rural development programme, to micro-finance of enterprises through peer-to peer lending through to incentives for individuals to save and improve financial management. There are numerous interventions to improve rural economies and reduce levels of poverty that have been trialled but very few have been fully evaluated. This report therefore concentrated on the findings about ten economic interventions, ranging from the macro to micro level, about which there is some reliable evidence.

Large scale area-wide development programmes

Large area-wide rural economic development programmes have had mixed success. There is evidence that they can deliver structural or systemic change if they have stakeholder involvement throughout and effective partnership working, and include a wide range of individual initiatives coordinated towards delivering specific goals. However, they require significant amounts of funding, political will and stakeholder participation to succeed.

The evidence from some of the initiatives examined in this report shows the importance of:

- A detailed investigation of the current situation regarding food production and rural economy;
- Development of a long-term strategy (10–15 years) based on a common agenda with a clear and agreed set of objectives;
- Linking rural economic development (i.e. food and natural resources production and processing) with job creation and promotion and marketing of products;
- Creation of an agreed set of objectives, each of which has a clear set of action indicators to assess progress, and mutually reinforcing activities;
- Administrative support from a range of organisations working together; and
- An inclusive, transparent, and accountable delivery body driven by systems thinking.

Wales already has experience of large scale EU rural development programmes. The UK's exit from the European Union may bring opportunities to develop more tailored country-wide programmes. Once EU agricultural subsidies and rural development funding are no longer available, Wales could develop a rural development programme that integrates support across sectors and at a range of levels. At the macro-scale, a programme based on the Vermont Farm-to-Plate model could focus on strengthening food processing and supply chains, from producers to market at the strategic level, creating conditions that increase demand for investment.

The Welsh Government will need to ensure that a future rural economic strategy enjoys widespread stakeholder support, and agreement on a range of initiatives that will deliver the strategic goals over a defined time period. It may want to consider adopting an integrated strategic approach to economic, social and environmental development for rural areas and the agricultural sector (including fisheries and forestry).

Angel investment

If a large-scale development programme was aligned with investment support, for example through government-backed mechanisms to underpin both small scale (e.g. slow money peer-to-peer type lending) and angel investment (higher risk and larger scale investment), then Wales would have potential to become highly effective in generating rural wealth through strategically focused investment.

The evidence shows that flexible finance models are also important for smaller scale initiatives, which can target business, areas or individuals. The success of angel investment in the USA and Canada shows that it can bridge the gap between family support and venture capital for businesses, which are deemed by commercial lenders to be too small or risky. Angel investment is already underpinned by tax relief within the UK financial system (Ranscombe, 2016), but there is a need for stronger capacity building support from all levels of government to identify and train investors.

Other approaches to creating revolving loan funds with sufficient capital base to sustain a viable level of loans and equity investment in rural economic development are worth exploring. It may, for example, be possible to create smaller scale funds at community or multi-community level based on local business rate credits/incentives that can then be used in defined areas to support business growth and development (OECD, 2011).

Slow Money approaches may offer a means for supporting micro-enterprise growth and development in Wales. Establishing a sustainable and resilient support mechanism could require state backing to underpin risk, and facilitation support through education, capacity building and scheme administrative support.

Government support for community asset building appears to be limited, but the Rural Community Renewable Energy Fund (RCEF) in England has been successful in supporting rural communities to undertake feasibility studies and take project proposals through the planning system via a combination of grants and loans (there is also an Urban Community Energy Fund doing the same task for urban areas). Cost benefit analysis suggests a positive return on investment and the RCEF is viewed as a valuable means of supporting communities to develop income-generating assets. (Ricardo Energy & Environment and CCRI, 2017)

Individual Development Accounts

On a smaller scale Individual Development Accounts could offer a way to lift some households out of poverty, while also contributing to the generation of local economic growth. The success of the Oregon IDA scheme suggests that they can help tackle poverty, low education and skills levels, and lack of local economic opportunities.

There are multiple benefits to households and families that complete a programme of saving that is linked to incentives and compulsory training in personal finance and budgetary management. A major advantage is the ability of individuals to select personal objectives, which increases the incentive to succeed, and may help to unlock entrepreneurial activity, and/or improve levels of education and skills (the programme enables wide flexibility in the range of goals that might be allowed), leading to improved employment opportunities.

Individual families can be supported in targeted ways, which could raise skill levels. Depending on the criteria for establishing development accounts, such support can also be utilised to address specific rural issues such as poor transport and child care provision. Such approaches have the potential to capture the public imagination and demonstrate widespread support for those living at the economic margins in rural areas. They can be important both to those accepted into schemes in terms of the financial and training support received, but also as a visible sign to others of state support to individuals that undertake targeted savings, and to those that make an effort to succeed.

While it may not be possible to base such a scheme on tax credits, other options may exist for creating a loan fund (e.g. utilising philanthropic sources, sales of bonds). Such a scheme works best in a growing economy (where some employment or source of income to generate savings is possible) but the incentive of achieving personal goals can be a powerful spur to action. It could have the added attraction of being available to all rural residents of an area that meet the designated criteria or targeted at specific areas and/or sectors of the population (e.g. small-scale farmers).

The need for integrated approaches to rural economic development

An overarching lesson from the interventions examined in this report, and the reports which accompany it, is the need for a strategic approach to tackling rural poverty. The causes of rural poverty are complex and inter-related. As a result, adopting individual interventions in isolation is unlikely to have any significant impact. Policy makers need to champion strategies which combine initiatives to encourage business growth with support to individuals to secure the services and skills they need to access job opportunities and career progression and integrate these with action to address other challenges including access to transport, public services and affordable housing.

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Appendix 1 – Further Information on Economic Interventions

Rural Development Programme for England 2007-13

Although not targeting rural poverty directly, EU member states have had several rounds of Rural Development Programmes (Pillar II of the Common Agricultural Policy), which among other goals targeted improvements in the rural economy through diversification of agricultural activity, and improvements to community services and quality of life in rural areas. LEADER programmes with a focus on improving social and economic aspects of targeted rural areas, were also delivered through national and regional Rural Development Programmes. Delivery of LEADER has been highly variable both across and within Member States but focused mainly on small scale support of micro-businesses and SMEs, and on community support within defined territorial areas through matched funding. The recent ex-post evaluation (Defra, 2016) of the RDP for England 2007-13 applied a Social Return on Investment (SROI) approach noting that small investments could have significant social impacts in rural communities. The evaluation revealed the following:

- Actual spend of RDPE amounted to €4,445 million over 2007-13 with 79% going mainly to support agri-environment agreements under on Axis, and 7.5% on rural diversification and LEADER;
- RDPE interventions supported a limited amount of job creation and safeguarding although increases in part-time, casual, and seasonal jobs were greater than in full-time jobs. The evaluation indicated that under the LEADER programme a total of 3,806 jobs were created and 3,313 jobs were safeguarded (an average of 59 and 51 jobs per Local action group (LAG) respectively) over a seven-year period. These are distributed unevenly as some LAGs were restricted to supporting community type projects only;
- The evaluation suggested that key impact indicators (economic growth; employment creation; and labour productivity) would have risen without the RDPE, although there is evidence of impacts at the level of the individual beneficiary;
- A certain amount of deadweight was linked with capital grants to business. This reflects the fact that business grants limited to 40 or 45% of total costs require match-funding so tend to support projects which are financially viable in their own right and which therefore might often have been achieved – though more slowly or less completely – without the grant. Deadweight was lower for projects that had been funded through LAGs compared to those that had been delivered outside LEADER areas, and lower for community focused actions;

- Overall for rural diversification and community service projects (Axis 3), the mean outcome indicator, attribution, and deadweight scores indicate higher value for money (i.e. a higher social rate of return) for projects that have been delivered through a LEADER process than for projects that have not gone through LEADER. Returns on investment (as measured through a very conservative SROI Model) were approximately 1.9:1 for farm modernisation projects (Axis 1), and 2.3:1 for diversification and community service projects (Axis 3);
- In some areas (e.g. Cumbria) targeted funding of projects through local supply chains resulted in more significant and sustainable economic improvements;
- Large-scale investments (>£0.5 million) had catalytic impacts on local economic development, changing not only economic behaviour but also perceptions of what was possible in certain areas (e.g. grain storage in East Anglia, or tourism development in Devon). Smaller scale developments to improve community services also had the capacity to influence behaviour and activity across wider areas beyond the local community (e.g. a fishing lake for the disabled in Lancashire).

The evaluation concluded that although individuals and some communities benefited from investment on a very localised scale, where employment was both created and sustained, the overall scale of funding from the RDP was too small and dispersed to have significant impacts on the rural economy overall.

The Duke Endowment, North Carolina, USA

The Endowment launched a programme of economic development (Strengthening Economic Development in Rural Communities) taking a partnership approach with organisations such as churches and hospitals and a community facilitation body. Expenditure was focused in 22 counties over eight years between 2001-09, with a focus on job creation and training. The project evaluation (conducted internally) noted that while the majority of projects continued in some form beyond the lifetime of the grant (described as “learning something about social barriers to economic growth” and having some effect on “reversing economic decline”), only 10 projects produced “significant and lasting change.” In terms of job creation (a major aim of the programme) the evaluation suggested that only 36% of those undertaking training were placed in employment, with no information provided about the type, quality, or duration of jobs (they may not all be new jobs). In addition, 229 small businesses were started (with 453 new jobs being created) and 455 ‘new leaders’ were trained in economic development. On an investment of \$11.7 million, an additional \$6.6 million was leveraged for investment in economic renewal.

As the programme ended in 2009 it is not clear what effect the economic recession had on the areas where projects were funded. However, the evaluation report did draw some lessons for the approach taken:

- the funding helped to put in place key ‘leadership and other assets’ needed to pursue long-term economic renewal, and sparked a cycle of development (although no evidence to support this is presented);
- establishment of a core leadership team representative of the community is critical to gaining involvement from other groups and to achieving sustainability;
- willingness to work across boundaries and engage with others helped communities experience greater success (boundaries included racial, geographic, territorial and institutional);
- spending time to assess and plan helped teams build a reliable understanding of the community situation they wished to change, and the level of community support to undertake the work;
- Ongoing monitoring and assessment were critical to progress and success.

An additional programme ‘Thriving Rural Communities’ funded by the same Foundation and working with the United Methodist Church aimed to develop the leadership role of rural churches in maintaining the vitality of their local communities. The programme invested \$7.6 million over the period 2006-16 to assist rural churches to take a lead in developing ‘more viable communities’ (<http://dukeendowment.org/program-areas/rural-church>) and in supporting 42 ‘Rural Ministry Fellows’ who received training in rural churches. A total of 23 churches were supported by the programme. A brief evaluation report (2014, based solely on a survey of Fellows) indicated that Fellows felt more prepared to deal with community issues, and those placed within rural churches were identified as ‘valuable’ resulting in increased leadership within their communities and engaging in a wide range of community support activities (e.g. feeding local sports teams, providing summer camps for children in poverty). No evidence could be found of the overall impact of the programme on rural communities.

Vermont Community Loan Fund, Vermont, USA

The Vermont Community Loan Fund (VCLF) describes itself as “a community-focused alternative lender which makes loans to local businesses, community organizations and non-profit bodies, child care providers and developers of affordable housing who don’t qualify for a loan from a traditional lender”. The organisation states that its aim is to “provide loan capital to create opportunities that lead to healthy communities and financial stability”.

The overall goal of VCLF is to deliver capital-based approaches to support alleviation of poverty. It targets businesses and programmes that help low-income households to access safe, affordable homes, quality jobs, child care, and basic community services. The money loaned comes from the local community itself; from individuals and families, corporations, foundations, faith-based groups and “others who want investments to match their values, earning both financial and social returns”. Between 1987 and 2015 the Fund has loaned over \$85 million. Although no evaluation report has been identified the VCLF website suggests the benefits from the fund over the 28-year period include:

- 4,500 jobs created or preserved;
- 3,500 people (and their families) benefitting from new or rehabilitated affordable homes;
- 3,400 children and families benefitting from creation or preservation of quality care;
- Support for community organisations providing essential services to residents.

Angel Investment, USA and Canada

Another private sector approach to boost local economic development has been development of what are termed ‘angel investors’, found operating in rural areas in both the USA and Canada. Angel investment organisations provide start-up funding for small enterprises and help fill the gap between commercial bank loans and venture capital. A major problem in rural Canada, for example, are low levels of economic diversity, and often dominated by declining business sectors, and out-migration of young skilled labour. New rural enterprises are often too small to attract venture capital and too risky to obtain bank loans at favourable rates. ‘Angel investors’ are those with spare capital that they invest in exchange for an equity stake. Typical investments are in the range \$25,000 - \$500,000 (OECD, 2011). As businesses grow they feed into the venture capital market. The two main disadvantages are the limited amount of wealth available among ‘angels’ and a reluctance to make higher risk investments.

Wilson (2013) identified key roles of angel investors in providing strategic and operational expertise for new ventures as well as social capital, noting that:

- Angel investors traditionally invest locally (within a few hours’ drive) and in a wider range of sectors than venture capitalists;
- Companies backed by angel investments contribute significantly to jobs and economic growth (e.g. estimates suggest 5% of new jobs in the USA in 2009 were supported by angel investments, and that young firms with angel financing have a 30 – 50% increased probability of survival and improved performance).

But she also noted the need for human and social capital development including investor training, partner matching, and support networks, and for policy incentives to invest in potential business entities.

One example of angel investment is the BrightStar Wisconsin Foundation, established in 2014 with a focus on job creation. The Foundation was set up by 8 donors pledging \$500,000 to support a \$6 million fund and intended to fill the early-stage funding void by providing a vehicle to help fund job creation through capital donation. Under state rules 'Angel investment' is supported by tax credit incentives from the state (equal to 25% of the amount of the equity investment). Earnings and return of proceeds on investments from the Foundation are reinvested, with the aim of promoting fast growing early-stage companies (defined as <100 employees and <10 years old) in Wisconsin. In December 2016 the BrightStar portfolio was reported as consisting of 32 companies (in just over two years of operation). No evaluation report was found but the 2015 Annual Report indicated total assets of \$7.8 million and portfolio investments of \$3,814,233 in 14 companies and a total of 66 jobs created as result of investment, i.e. after 18 months of operation (Brightstar, 2015).

In Ontario, Canada the importance of angel investors was sufficient to lead to the establishment of an Angel Network Program (ANP) to support the establishment of new angel Groups where none existed. Activities include: follow-on funding events, educational workshops, referrals of qualified opportunities, a directory of angel investor groups, textbooks of best practices, and an Angel Group start-up package.

Angel investing also exists in Scotland, which currently has an estimated 20 angel investor groups (Ranscombe, 2016) with an estimated investment of £26 million into 31 companies in 2014.

Slow Money, Maine, USA

On a smaller scale 'Slow Money Maine' is an initiative based on peer-to-peer lending set up in 2010 to link farmers, fishermen, and food entrepreneurs to sources of financing. Individuals make loans directly to food producers through a coordinator who connects investors with food system businesses. Loans reportedly range from \$1,500 to \$40,000 with varied terms (usually around 3-5% interest and 1-3 years for repayment). A simple 'promissory note' is used for transactions and stronger relationships tend to develop between lenders and borrowers through conversations and site visits. The Slow Money project also set up 'investment clubs' to strengthen Maine's local food economy by making small loans to farms and food businesses (up to \$5,000). The reliance on private sector funding, with a need to repay loans in a relatively short time period means more detailed scrutiny of business plans. Over the period 2010 - 16 the initiative has awarded \$1.9 million in loans, \$1.5 million in grants, and \$0.6 million in equity. Of this \$505,000 has gone to farms and small food businesses, \$2.6 million to food processing and \$900,000 to protecting farmland.

No formal evaluation was found but a 2014 report on ‘slow money’ activity across the USA (Slow Money, 2014) indicated that Slow Money Maine is “the most active local network” in the north-eastern USA. The report, from a survey of Slow Money activity across the whole sector in the USA, noted that in 2013 roughly 60% of the deals were below \$100,000. The median size of investment was \$30,000 while over half of the “total funding deployed was in transactions in the range \$100,000 – 999,000.” Approximately 70% of all investments across the USA were made as loans, most of which were under \$100,000. Equity investments accounted for about 20%, while grants and other forms of support (e.g. loan guarantees, royalties, convertible debt) accounted for approximately 10%. The Report noted that for most of the funds invested, survey respondents were seeking returns within one to six years. Equity investments were reported as having a longer time horizon. ‘Slow money’ investment clubs were reported as mainly making loans of three years or less, with loan rates of between 1 and 5%. The Report noted that respondents from their 2013 survey had the following objectives:

- around one-third of survey respondents (representing 15% of invested capital) were investing primarily for social and/or environmental impact;
- Approximately 60% of survey respondents, representing 85% of invested capital, indicated that they were seeking a balance of financial returns and social and/or environmental impact;
- In terms of specific impact objectives, 60% of survey respondents prioritized social and economic impacts, including local food production, job creation, rural economic vitality, and increasing access to healthy foods for all Americans.

Farm-to-plate, Vermont, USA

Larger-scale programme initiatives have come from the public sector, an example being ‘Farm-to-plate’, which operates across Vermont, one of the most rural of the north-eastern states in the USA. Farm-to-plate is a state level programme initiated in 2009 to build on the agricultural economy and aimed at “increasing development and jobs in the farm and food sector through enhancing food processing capacity and improving access to healthy local food”. The programme was established by the State legislature to develop a 10-year strategy with three overarching outcomes:

- Increase economic development in Vermont’s food and farm sector;
- Create jobs in the food and farm economy;
- Improve access to healthy local foods.

Overall the programme aims to bring about social change through 25 objectives relating to increasing production, sales, and consumption of locally produced food, and each objective has a number of strategies, actions and performance indicators to ensure progress. The need for high level coordination across different sectors was recognised leading to formation

of a network (375 organisational members reported in 2014) covering all elements in the supply chain, research, training, and environmental organisations, and supported by a 'backbone' administrative organisation, the Vermont Sustainable Jobs Fund, (VSJF). The VSJF spent 18 months developing the strategy before the formal launch in January 2011.

No evaluation report has been found, although a number of annual reports describe a limited range of impacts. Data suggest that estimated net new jobs in the Vermont food system increased 6% (3,486 jobs) over the period 2009-13, including 1,500 manufacturing jobs while farms and farm businesses increased 6% (645) with an addition of 354 new farms (no information was provided on the type of jobs, sustainability, or the size and type of new farms). The expansion of the local food system is estimated to have increased gross state product by \$747.1 million. Reports suggest investment from a range of sources, including:

- \$2 million (from the Working Lands Enterprise Fund) invested in farm and food, and forest and wood products enterprises and technical assistance programmes;
- \$5.8 million (from the Vermont Food Funders Network) invested in grants (mostly for food security);
- \$73 million invested in the Vermont food sector from variety of different sources.

Administering the programme appears to cost in the region of \$600,000 per annum. The 2015-16 annual report (Annual Report Year 6: Fiscal 2016 www.vtfarmtoplate.com) indicates expenditure pays for personnel, running meetings and workshops, campaigning, and the website, with around 50% of the money going to project support. Annual income (in 2016) was \$638,000 with 60% coming from private foundations, 25% from the state government, and the remainder from sponsorships, contributions and registration fees.

There is limited information on 'other' sources of investment over the period, thus it is not possible to determine the overall impact of the Farm-to-Plate programme, or to assess deadweight, or allocate attribution. The expansion of the food sector, however, is attributed to collective action and creation of a food network made up of organisations "systematically implementing a shared vision for a sustainable food system" (Vermont Farm-to-Plate Network, 2017). The most recent annual report (Farm-to-Plate Annual Report, 2016) suggests the following outputs from the programme:

- Increase of \$1 billion per year in net value-added food manufacturing;
- Additional 6,000 jobs created since 2009;
- Addition 779 businesses created since 2009;
- Improved access to local food;
- 16% Reduction in food insecurity.

Individual Development Account Initiative, Oregon, USA

An Individual Development Account (IDA) provides support for individuals to save money and invest. IDA programmes can be found in several states across the USA (targeting both rural and urban residents), with the aim of “investing in the personal and financial growth of individuals to build strong communities.” The Oregon IDA started in 1999 and provides match funding as an incentive for those saving money towards a specific goal and is now cited as the largest and most successful IDA programme in the USA. (Oregon Individual Development Account Initiative, 2015)

The Initiative is funded through a state tax credit incentive whereby individuals and businesses can make donations to the Oregon IDA Initiative through ‘Neighbourhood Partnerships’, a non-profit organisation. Contributions of up to \$100,000/taxpayer/year receive a 75% State of Oregon tax credit. The donations form the base funding to match the savings of IDA participants. In 2012, a total of \$10 million was contributed.

The programme is only open to those meeting specific low income and social criteria, and acceptance into the programme involves compulsory budget and financing education and training. The Oregon IDA is delivered through a partnership approach using local level organisations to deliver the programme. Participants enrol and set a personal goal for saving. Once the goal is reached and all parts of the savings plan are completed, every dollar saved is matched (in Oregon the current rate is \$3 for each \$1 saved, but this varies across state programmes, and even within programmes where there may be weighting for specific goals such as education). Goals can include: a home purchase, an educational qualification, developing a small business, restoring a home to habitable condition, or purchasing equipment to support employment.

No formal evaluation has been identified covering the whole period of operation though data from a fact sheet (Oregon IDA Initiative, 2013) suggest that over the period 1999 – 2013 there were almost 3,000 successful graduates saving a total of \$9,660,000 towards the purchase of a lifelong asset. Recent annual reports and an evaluation of the 2013-16 period suggest the number of people enrolling in the programme has increased. The Annual report 2015 identified the following:

- 4,986 individuals opened an IDA January 2012 to May 2015;
- The number of new savers doubled in 5 years;
- Education is one of main goals for savers, followed by the purchase of a home and starting a business;
- The programme reaches across all age groups (from 12 years and up; the average age is 37 years) and ethnic minorities;
- 40% of business savers are single non-parents;

- 66% savers are women;
- 70% graduate from the programme each year on average;
- 15% per year voluntarily withdraw while less than 10% violate rules;
- Financial habits are improved and sustained over time;
- Increased confidence in dealing with financial organisations is reported by graduates;
- Families who have graduated are more involved with community and wider social networks.

A recent external evaluation (Stuczynski and Stauss, 2017) for the period 2013-16, noted the following:

- Over the course 2013-16, more than 4,400 Oregon residents with limited incomes and net worth opened IDAs to save towards purchasing or repairing a primary home, starting or expanding a small business, obtaining post-secondary education or job training, or securing assistive technology to support employment;
- During the period 2013-16, 2,642 participants reached their savings goals and made their investments. Average savings were \$2,183 per participant, for a total of \$5.8 million. Through donations eligible for the Oregon IDA Tax Credit, an average of \$6,151 in matching funds was provided per participant, for a total of \$16.3 million;
- Participants report significant changes in financial knowledge and behaviours after completing an IDA. There are large increases in the percentage of participants who use a budget, keep an emergency fund, or make regular deposits to savings;
- Most programme completers report feeling 'very much' more confident interacting with financial services and organizations;
- One year after exiting the program, participants have held onto their asset and are able to speak to the stability their asset has brought to themselves and their families. They report increased confidence in their ability to set and reach long term goals;
- Many participants become financial capability ambassadors, sharing their lessons learned with children or extended family members, or nurturing other business owners.

STREET micro-finance, UK

'Street' was set up in 1999 to provide loans to very small enterprises run by self-employed operators who were not considered creditworthy by banks. During the period 2000-03 it managed a £1.3 million grant from the Esmée Fairbairn Foundation offering £650,000 in

loans to 260 micro enterprises and expanded its enterprise support services to help applicants become credit-worthy. The loans supported a high proportion of women-led (30%) and BME-led (54%) SME borrowers. However, the programme reported experiencing lower than expected demand for its loans and higher costs, so the organisation altered its approach to instead help people avoid taking out expensive loans (New Economics Foundation, 2004). The current approach is one of helping those in crisis reduce the costs of borrowing money to pay off debts. Street currently offers loans of £200 - £1,000 over one year. A social impact assessment carried out in 2016 (Geller, J. and K. Simms, 2016) identified the key outcomes:

- Many people are struggling to meet the everyday costs. Loans are most commonly used for home improvements, Christmas and holiday expenditure;
- It is necessary to protect those who are most vulnerable in society and to provide low income households with access to affordable finance without the risk of them falling into unmanageable volumes of debt.

In 2015 - 16 Street advanced £2.3 million to clients, which was estimated to have saved them over £1.5 million in loan repayments (if they had gone to other lenders). A total of 79% of clients said the impact was more than just financial: one in four said Street helped with employment/self-employment; 72% said advice and support helped them to manage finances better. 72% of clients are women, 45% are single parents, 52% are unemployed, 60% live in social housing and 70% have one or more defaults on credit files.

Rural Communities Energy Fund, England

The Rural Communities Energy Fund (RCEF) provides support for communities to develop local energy assets. It started operation in 2013 and to date has supported renewable energy feasibility studies in approximately 100 communities. The scheme offers a two-phase programme of support through an initiative shared between two government departments (DECC and Defra). The first phase offers grants (up to £20,000) for feasibility studies, followed by (Phase 2) unsecured loans up to £130,000 to take projects through the planning process.

A recent evaluation (Ricardo Energy & Environment and CCRI, 2017) indicates that the feasibility grants are considered extremely valuable by small communities and are clearly identified as filling a funding 'gap', enabling communities to identify suitable projects for development. Take-up of Phase 2 funding, which is in the form of an unsecured loan to get projects through planning process has had much lower take-up. Loan arrangements have been *perceived* as unfavourable due to a 45% payback premium requirement when development funding is acquired (the loan is only paid back when the project gets development funding, and the premium goes to top-up the fund). This has led in some

cases to communities seeking other sources of financing. Changes in government policy (in particular a reduction of the feed-in tariff and changes to tax incentives), have increased uncertainty over financial viability and reduced confidence on the part of both communities and developers, resulting in a decrease in the flow of projects.

The RCEF is viewed as a valuable means of supporting communities to develop income generating assets. A cost-benefit analysis (incorporating both an energy generation model and a Social Return on Investment analysis) reveals a benefit-cost ratio of 1.53:1 for communities and 1.3:1 at the UK plc level. Net benefits per pound spent exceed £6 at community levels and £3 at UK plc level.

Talent Match, England

Talent Match (not included in Table 1) is a new initiative aimed at reducing youth unemployment with a planned operating period of six years (across 2013-19) using Big Lottery Funding totalling £108 million. The funding is assigned to 21 Local Enterprise Partnership (LEP) areas (urban and rural) which have experienced “particularly high levels of youth unemployment.” The focus of the programme is on developing holistic approaches to combatting ‘worklessness’ amongst long term NEETs (Not in Employment, Education or Training).

A 2014 annual report indicated cost per beneficiary of delivering the programme ranges from £1,603 to £7,550; “cost per sustainable job outcome” ranges from just over £4,000 in one partnership to £37,750 in another. The report also identified changes in the labour market, which suggest that youth unemployment is both a cyclical and a structural or longer-term problem. Barriers to employment include practical barriers (notably transport), issues of local job availability and quality, but also intrinsic factors relating to individuals (such as very low levels of self-confidence and self-esteem). The programme suggests that significant support is required in building confidence among long-term NEETS, as well as addressing difficulties associated with transport in rural areas.

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