The challenge of reconciling development objectives in the context of demographic change
Evaluating asset-based development in Appalachia

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Introduction

1 The Appalachian Regional Commission (ARC) is a federal institution that supports development in the historically impoverished Appalachian mountain region of the eastern United States of America (US). The ARC region covers 205,000 square miles in 13 states. In 2005, the ARC launched the Asset-Based Development Initiative (ABDI) under the ARC’s ‘Innovative Regional Initiatives’ program to support community driven economic development based on existing local resources and opportunities. The ABDI program builds on a 1997-2004 entrepreneurial development initiative to encourage entrepreneurs to capitalize on a variety of local assets: traditional arts and culture; natural amenities; sustainable and value-added agriculture and forestry; local civic entrepreneurship; and reuse of underutilized community facilities. ABDI funds flow through state development agencies to local governments and community-based non-profits, and leverage other agency, community and foundation resources (ARC, 2004; Economic Development Research Group et al., 2007; RUPRI, 2008).

2 The authors of this paper examined six ABDI-funded projects in Virginia’s ARC region to better understand how the ABDI program addresses potentially conflicting economic development interests of in-migrants and long-term residents. Two main questions guided a close examination of two ABDI-funded projects in the Mount Rogers area of the Virginia ARC region. First, did community leadership change or adapt projects to fit the agenda of the ABDI program? Second, were ABDI projects demonstrably different in objectives, content, or outcomes than past Innovative Regional Initiative projects?
Our inquiry about the influence of in-migrants on ABDI projects has been inspired by recent observations of counter-urbanization in rural towns, where some small communities were successful in attracting new lifestyle migrants interested in amenities present in these communities, or with flexible work arrangements facilitated in part by investment in advanced telecommunications infrastructure which is increasingly present in these regions. Appalachian and Alpine returnees and in-migrants have brought new perspectives and visions to their respective communities. In both regions, new ideas have become profitable ventures on some occasions. However, the interest of these relatively privileged in-migrants in environmental quality, for example, may not coincide with the priority existing residents may place on economic prosperity or social equity (Glasmier and Farrigan, 2003; Knox and Mayer, 2009; Perlik et al., 2001).

The economic and demographic similarities between Alpine and Appalachian communities suggest that this study’s findings may be relevant for many mountain regions and could contribute to a conversation among international scholars of economic development in mountain regions. ARC’s ABDI is congruent with many endogenous development trends in European Alpine regions. Like many small Appalachian communities, Alpine towns often lack the communication infrastructure and urban amenities that help to attract a highly skilled labor force; therefore, these communities must innovate to diversify their economic opportunities beyond tourism. Local residents of Alpine and Appalachian towns share concerns about scarce and low-wage jobs, therefore leaders in both regions work to help residents see beyond traditional sources of employment and realize opportunities such as value-added agriculture, advanced manufacturing, eco-tourism, and information-based services.

Context

The Appalachian Mountains stretch approximately 1,500 miles (2,414km) from Alabama, in the southern US to New Brunswick, Newfoundland and Quebec, in Canada. In the US, the Appalachian Mountains and the surrounding foothills are characterized by beautiful landscapes and rich natural resources. However, the people living in this region struggle with persistent poverty, which in many ways is related to the beautiful, yet harsh terrain, and the exploitation of the region’s resources.

ARC was formed in the mid-1960s to address persistent poverty and its manifestations: inadequate housing, limited access to public utilities and clean water, and inadequate social and medical services. The Appalachian Region, defined by the ARC authorizing legislation, is all of West Virginia and parts of New York, Pennsylvania, Ohio, Maryland, Virginia, Kentucky, North Carolina, Tennessee, South Carolina, Georgia, Alabama and Mississippi. Our study area, the Virginia ARC counties, is in Central Appalachia. According to the last census in 2000, the ARC region population was 23,642,578. The Central Appalachian region includes all of West Virginia as well as parts of Virginia, Kentucky, North Carolina and Tennessee with a population of 7,783,718. The area of Virginia served by the ARC covers the western portion of the state and has a population of 729,961. Mostly rural in character, these mountain and valley communities vary from highly isolated areas with high poverty and low incomes and educational attainment, to relatively more affluent small metropolitan areas with greater connections to areas outside of Appalachia and better socio-economic conditions.
In the 1960’s one third of people living in the Appalachian region lived in poverty. Per capita income was 23 percent lower than the US average (ARC 2010). In general, rural Appalachian counties experience higher poverty rates than counties in or near metro areas. Declining poverty has been most apparent in Central Appalachia, which has historically been the most depressed region of Appalachia. Despite overall improvements in the poverty rate, per capita income in Appalachia remained approximately 20 percent lower than the US average between 1998 and 2007. (Lichter and Campbell 2005)

Figure 1: Virginia’s Appalachian Communities and Mount Rogers District

Virginia ARC counties have not experienced poverty rate improvements. From our analysis of US Census data, poverty deepened drastically in Appalachian Virginia in the 1980s, from 15 percent in 1980 to 17.4 percent in 1990. Poverty levels in Appalachian Virginia decreased to 15.4 percent by 2000, but per capita income remained approximately 30 percent lower than the US average between 1998 and 2007.

Changes in unemployment in Appalachia have mirrored changes in poverty and income, although differences from the US average are not so stark. Three-year average unemployment in Appalachia between 1997 and 1999 was 5 percent. The US three-year average was 4.6 percent. Employment increased between 1999 and 2001 in the US and the Appalachian region, but declined as the US recession took hold in March of 2001. The Appalachian unemployment three year average reached 5.7 percent in 2002-2004 and 5.2 percent in 2006-2008 (ARC, 2010).

From our analysis of US Bureau of Economic Analysis data, Virginia ARC counties experienced relatively high unemployment between 1997 and 2003, likely due to severe declines in manufacturing and natural resource extraction jobs. Employment recovered after 2003, as the service sector has grown. Average unemployment from 2003 through 2008 was approximately 4.6 percent. Virginia as a whole, thanks in large part to the
continued economic health of suburbs adjacent to Washington DC, has incomes and unemployment rates that are typically better than the national rates; however income and unemployment figures in Virginia’s portion of the Appalachian region as a whole are typically level with or worse than national figures. For example, Figure 2 below shows that there has consistently been a gap in average incomes over the last two decades.

Figure 2: Per Capita Income for US, Virginia, and Virginia ARC Communities (Nominal dollars)

In- and out-migration has historically played a significant role in perpetuating poverty in Appalachia. Lichter explains, “For many decades, Appalachia’s ‘best and brightest’ have fled rural and poverty-stricken areas for the region’s burgeoning metropolitan employment centers and beyond (Lichter et al. 2005, 2).” In the 1980s the region had a net out-migration of 410,000 people and gross in-migration was concentrated in Southern Appalachia. Appalachia’s historic trend of out-migration changed in the 1990’s. Between 1990 and 1999 Appalachia experienced net in-migration of 887,772 people, representing a migration rate of 4.5 percent. In-migration continued through 2002 at a rate of 4.3 percent for the year. Although in-migration continues to be highest in southern Appalachian almost every Appalachian state experienced net in migration between 1990 and 2002. The exceptions were that Appalachian New York and Pennsylvania experienced net out-migration between 1990 and 1999. Mississippi and West Virginia experienced net out-migration between 2000 and 2002 (Lichter et al. 2005).

Appalachian Virginia experienced positive, but low, net migration rates between 1990 and 1999 and between 2000 and 2002 (Lichter et al. 2005). From 2002 to 2007, the number of migrants into the Virginia ARC region has steadily increased, but has been concentrated in the Mount Rogers region of south western Virginia. It is not surprising that we found the two most telling accounts in the Mount Rogers area, since Virginia ARC region migration and the largest amount of migrant incomes are concentrated in the Mount Rogers region.

Urban-to-rural amenity migration, an established trend in the US, Canada, Europe and Australia among others, can explain part of the migration to Mount Rogers and the
greater Virginia ARC region. Amenity migration is migration to places based on the migrant’s belief that those places offer greater environmental quality and a more desirable culture (Moss 2006). We also found evidence that migration to Virginia ARC counties is related to urban “disamenities.” Williams and Jobes (1990) discuss people who move from urban localities to rural place in search of a new way of life, leisure, naturalism, futurism, and to avoid urban “disamenities.” In southwestern Virginia these migrants are commonly called “back to the landers” or “homesteaders.” Finally, “green” migration represents a specific kind of amenity migration which can be observed in the Virginia ARC region and throughout the central and southern ARC region. Green migrants move to rural areas to be closer to nature and enjoy higher environmental quality. They are generally more highly educated and politically active than long-term residents (Jones et al. 2003). Like other types of amenity migrants, green migrants emphasize land and cultural preservation, but it is not evident whether such preservation is more strongly emphasized by in-migrants or long-term residents (Smith and Krannich 2000).

In-migration has implications for longer-term residents and their communities. In-migration itself represents a large portion of population growth in the ARC region, especially for parts of the central and southern Appalachian regions. Since in-migrants are typically relatively financially secure they represent additional taxable income and property. Additional local revenues support economic development in ARC counties. Perhaps more importantly, in-migrants sometimes bring organizational skills, knowledge of political strategies and opportunities, and their energies for social, environmental and economic change (Jones et al., 2003). This energy and “know-how,” coupled with the goals of long-term residents, can result in great gains for the Appalachian localities.

Urban to rural in-migrants are generally individuals or families that are willing to risk higher levels of unemployment and accept lower wages to live in areas with more environmental amenities and a higher quality of life (Deller and Lledo 2007; Jones et al 2003; Williams and Jobes 1990). It follows that these in-migrants would have a primary interest in preserving and enhancing the amenities they relocated to enjoy. Studies of long-term residents’ views on land and environmental preservation compared with in-migrant views have resulted in varied conclusions. Some authors postulate that in-migrants’ environmental values are not significantly different from those of long-term residents, but that in-migrants do assert those values more strongly, “giving voice” to environmental values that already existed in the community (Smith and Krannich 2000; Fortmann and Kusel 1990). Research about attitudes toward environmental protection and preservation tends to highlight the views of residents who prioritize environmental values, but consistently fails to represent the attitudes of those who prioritize growth and development. Long-term residents, wishing to protect the property values of their land, have an incentive to encourage growth and development. Business owners, whether they are in-migrants or long-term residents, have an incentive to increase growth. The research reported in this article explores how in-migrants and long-term residents develop the assets and amenities of the Appalachian region to achieve greater economic growth. Projects funded by ARC’s asset based development initiative provided a sample of efforts to develop the region’s assets and amenities.
Methods

The authors used a case study approach centered on examples from the Virginia ARC region to address questions about the ABDI program. We chose to study Virginia ABDI projects because Virginia exhibited an appropriate combination of process, politics and population to illuminate the nature of the ABDI program. In addition, the authors’ familiarity with the Virginia ARC region contributed to the practicality of the research. Virginia used a competitive Request for Proposals (RFP) process to select grantees (RUPRI, 2008). The competitive process encourages Virginia ARC officials to spread ABDI funds over as many projects and communities as possible; therefore Virginia ABDI projects are likely more diverse in terms of leadership and themes than projects in other states. Virginia, unlike some other states, does not roll its special initiative funds over to create a pool of money, meaning ABDI funds were spent exclusively on ABDI projects in Virginia. Then Governor Mark Warner made the dissemination of information about ABDI grant opportunities and the success of ABDI projects a priority because he supported asset based development as an economic development strategy, he was federal co-chair of the ARC, and was committed to Virginia’s Appalachian and rural communities because they provided an important contribution to his electoral base. Finally, the population of the Virginia ARC region is representative of other primarily rural ARC region populations as well as rural mountain populations across the US and in many parts of the world.

The authors classified the twenty-seven Virginia ABDI projects funded between 2005 and 2010 based on the assets on which each project capitalized. The authors contacted twelve organizations whose projects represented the variety of project themes and funding years. Half of these organizations agreed to participate in the study. Through confidential, semi-structured interviews, the authors invited participants to provide candid assessments of the ABDI program, its implementation and outcomes to date. We began with project leaders and asked them to identify contacts who could elaborate on the topics raised in their interviews. This approach proved particularly useful in assuring that we could reach a range of stakeholders with diverse outlooks to triangulate on a reasoned assessment of the cases we examined closely. In the end, our participants included public, private sector and non-profit leaders, coming from both in-migrant and long-term resident populations. The authors conducted ten interviews, including project leaders and observers not involved in projects.

The authors recorded information from the interviews in hand written notes. They used these notes to find themes that were evident across all the interviews and to compare cases. The authors used narrative analysis to closely examine the data from two cases: the Grayson Landcare Inc. meat harvesting facility and the Appalachian Sustainable Development (ASD) marketing initiative for value-added agriculture. The authors chose to examine these two cases more closely because they are based in the Mount Rogers region which has experienced some of the most concentrated in-migration within the Virginia ARC region. This area provided the best opportunity to weigh the impact of changing population on the implementation and outcomes experienced through the ABDI program.
Projects

Asset-Based Development Initiative

19 Traditional approaches to development often measure communities against a general perception of the demand for mobile capital. This externally-driven approach may overlook the unique qualities that give character and appeal to any community, and the networks within a community that could sustain a development path over time. Asset-based development turns attention inward first, by searching an inventory of existing strengths, seeking to identify and mobilize hidden or underappreciated assets. These assets could be formal or informal networks, institutional or individual skills and talents, and other features of a community that may bring value to the development process. This approach has been applied everywhere from distressed developing economies internationally, to inner-city urban areas in the US and chronically distressed communities in rural Appalachia. (ARC 2011; Kretzman and McKnight, 1993; Philips and Shockley, 2010).

20 ARC’s Asset Based Development Initiative is intended to develop and build on the region’s assets. ARC articulated four specific goals: to increase job opportunity and per capita income, to strengthen the capacity of people and businesses in the region to compete in the global economy, to improve infrastructure, and to reduce Appalachian isolation (ARC 2010). ARC also designated four types of assets to target: cultural, natural, structural and leadership and community assets. Projects that capitalize on cultural assets build local economies around traditional arts and music, regional culture and community heritage. Projects that build on natural assets leverage unique ecological assets for recreation, energy production, specialty agriculture and/or tourism. Structural assets are un-used or under-used buildings, railroads, mines or other infrastructure. These assets can be converted into tourist attractions, office space, retail space or space for other creative purposes. Finally, leadership and community assets are people, organizations and government agencies in the community that might organize or mobilize community groups, leaders and residents around a common goal. Asset based development projects in the Virginia ARC region primarily made use of natural, cultural and human assets.

21 In 2005 Virginia began a competitive process for ARC funds available through the Asset Based Development Initiative. The focus on unique local assets was framed through the ARC-defined terms: natural, cultural, structural and leadership resources. Like most states, the majority of Virginia’s ABDI projects are connected to agriculture and features of the natural landscape. Cultural tourism related to traditional arts, crafts and especially music was also a prominent feature of programs across the region.

22 Almost all of the nearly $1 million of Virginia projects funded by 2010 fell into this broad category of cultural tourism, based on our analysis of Virginia Department of Housing and Community Development data. In terms of specific project functions, the largest category, utilizing more than 33% of project funding, was marketing activities for either specific enterprises or geographic areas. The second-largest categories, which made up almost 20% of funded projects, were planning activities for specific enterprises: market analysis, feasibility studies and business plans.
Case Studies

Our paper focuses on two illustrative projects funded through the ABDI: the Grayson Landcare Inc. meat harvesting facility for southwestern Virginia and the ASD marketing initiative for value-added agriculture. Both organizations, Grayson Landcare Inc. and ASD, are headquartered in the Mount Rogers Planning District, a sub-region of Virginia’s ARC area. This area has a gentler topography than many parts of the region, large valley floors and good access to metro areas and interstate highways. ‘Agriculture’ makes an important contribution to the district’s overall economic base. Historically much of the agriculture industry was in tobacco production, a crop whose economics were transformed by the end of federal subsidy payments in the 1990s. From our analysis of US Census of Agriculture data, average farm size declined from 161 acres to 156 acres over the period from 1987 to 2007. At the same time the number of farms rose from 4947 to 5738, signaling a trend towards more intensive value-added production. Knox and Mayer (2009) identify a growing local food movement in the larger region with characteristics of the “Slow City” movement.

Appalachian Sustainable Development (ASD)

ASD, a community based non-profit organization, grew out of environmental and social movement roots. Its founding director, Anthony Flaccavento, came to the region as an employee of the Catholic Bishops’ Conference of Virginia working on a variety of community projects. These projects culminated in the creation of a Coalition for Jobs and the Environment (CJE), organized across a regional watershed and consisting mostly of environmental activists. That organization did not fully develop a workable agenda linking the economic and environmental interests expressed in their name; therefore, in 1995 Flaccavento and some CJE members founded ASD. ASD broadened their leadership to include more economic development actors, drawing specifically on long-time staff of regional and local governments from the Mount Rogers region and adjacent communities in Northeast Tennessee (Personal communication, 2010).

From its earliest origins ASD has embraced an explicitly regional approach, crossing governmental and institutional boundaries to embrace the natural landscapes and their market potential. ASD focused on education and networking to bring producers and consumers into greater connectivity, articulating a vision for developing sustainable agriculture and local food systems. The organization was successful in securing a discretionary $50,000 ARC grant that proceeded ABDI. This seed fund helped ASD to win regional and national funds, including support from the Kellogg and Ford Foundations. With the help of local donations, the organization was able to leverage technical assistance from regional universities and other sources, to assist producers in making the transition to organic production, some from declining crops such as tobacco (Personal communication, 2010).

The receipt of a $40,000 ARC grant awarded through ARC’s ABDI allowed the organization to accelerate its marketing efforts and begin to move distribution efforts into more extensive supply chains, including seven supermarket chains with as many as 600 stores as far away as Washington, DC. An additional grant from a state development organization established to support economic restructuring in tobacco producing
regions, assisted with development of the packing infrastructure to support this demand (Grist, 2002).

Additional ASD efforts have included production of sustainably harvested woods products, support for farmers’ markets, farm-to-school, and other educational programs. At a peak in 2007 the organization involved as many as 60 producers generating $1 million in revenue (NOW, 2010). Flaccavento became a sought-after spokesman for social entrepreneurship, leaving ASD to begin a consulting business in 2009.

**Grayson Landcare, Inc.**

The Grayson Landcare, Inc. meat harvesting facility project was conceived in 2007. Grayson Landcare began as a community conversation forum facilitated by Jerry Moles, a retired academic, who since returning to Grayson County after a career in California, has been active in many environmental initiatives in the region. As was the case with ASD, Moles and other Grayson County residents were interested in developing market opportunities for local producers and believed that markets opportunities could be developed sustainably. A more holistic approach encompassing other land management issues gained traction as long-term Grayson County residents wrestled with the accommodation of an increasing number of second dwellings for urbanites particularly from metropolitan areas in North Carolina (Nair, 2007; Personal Communication 2011).

Unlike ASD, Grayson Landcare Inc. began with an explicitly local approach, focused on community conversations with agricultural producers and landowners in one small town and its adjacent counties, of which Grayson County is the largest. These communities have a history of vigorous debate about land development and preservation choices. Initially Grayson Landcare Inc., which includes several large landowners in its membership, and among them relatively recent in-migrants, was viewed as an ‘exclusive’ effort by some residents. Grayson Landcare, Inc. made an effort to engage more community stakeholders through Landcare concepts based on an Australian model which incorporated triple-bottom line accounting (financial, environmental and social) and community participation. The Landcare ideas seemed to bridge the interests of preservation oriented landowners and traditional agricultural producers, but was received with mixed success (Curtis and Lockwood, 2000; Office of Economic Development, 2008).

Grayson Landcare, Inc. more successfully bridged stakeholder interests through the results of a series of technical research projects. Partnering with university faculty in Business and Economics, Grayson Landcare, Inc. secured several grants from the USDA, which it used to identify market opportunities around grass-fed beef and with which it determined the feasibility of a facility to harvest this product. The major challenge they faced was trucking meat 100 miles to the south for processing when market opportunities were developing to sell beef to major colleges and universities in the region and to specialty restaurants in Washington DC to the north. Their ABDI grant will be used to scale up operational plans and to do concept design work for a local harvesting facility. The beef producing group, branded Grayson Natural, now includes six producers and is developing a cooperative structure with Danny Boyer, a lifelong resident of Grayson County serving as President (Personal communication 2010; Wake Forest, 2010).
Conclusions and discussion

ABDI encouraged communities to accept the asset based development approach as an economic development strategy by funding organizations that were independently pursuing asset based development strategies. Both ASD and Grayson Landcare Inc. sought an economic development strategy that was consistent with their environmental values. They found accommodation in new agricultural product markets with a growing interest in organic and local food production. The two cases had very similar high level objectives, promoting sustainable agriculture in a way that would incorporate both environmental and economic objectives, but their ABDI projects were very different. ASD applied for and used its ABDI grant to expand its market and thereby accelerate the asset based development strategies in which the organization was already engaged. ASD did not need to change or adapt its long-standing initiative to fit the ABDI agenda. The Grayson Landcare Inc. meat harvesting facility was a new project. The meat harvesting facility project focused on one community and one product line that clearly leveraged the specialized assets of their community. The Grayson Landcare, Inc. meat harvesting facility fit perfectly with the guiding principles of the ABDI program and therefore, did not need to be adapted to receive funding.

Although some of the ABDI projects we investigated were new projects that are demonstrably different from past projects, some ABDI projects were simply extensions of programs or initiatives that had been funded by ARC in the past. The Grayson Landcare, Inc. meat harvesting facility project is one instance where ABDI was an opportunity for ARC to fund a new organization and project. On the other hand, ASD was established with seed money from ARC. ARC used ABDI to provide further funding for ASD’s established initiative.

The specific roles of new in-migrant and returnee leadership are key themes in both organizations we examined. The role of Governor Warner, himself an in-migrant to Virginia, and the possible role of in-migrants in changing demands of regional consumers for the sort of products being developed also suggest important economic influences of in-migration. The new leaders came to the fore in their communities during a time of economic restructuring, sparking new conversations and bringing new financial and human capital. We cannot say this role was universal across all ABDI projects, but it was common in many of the projects we studied and suggests a role for in-migrants in embracing the opportunity presented by ARC. For example, after returning to Grayson County after many years in California, Jerry Moles leveraged his academic reputation and connections to initiate and gain support for Grayson Landcare Inc. and the meat harvesting facility project.

ASD’s regional approach required them to access new resources and distribute those opportunities across a large network of producers. This allowed them to mobilize diverse political support and mediate the degree of confrontation with local leadership in any one community. Grayson Landcare’s local approach required more internal discussion forcing more attention to stakeholder issues within a specific community and explicit reconciliation of those issues. In both cases the organizations had to test themselves and local leadership. The organizations brought in ARC, other funding and external technical resources from the university to build consensus among competing community interest.
The contrast between these approaches suggests our key conclusion about the impact of ABDI or similar programs in changing and reconciling development objectives. The contributions of external funders and universities in brokering relationships, often initiated around project funding or providing technical assistance to validate the project concepts, is important for building trust among project participants. However, in terms of objectives, content or outcomes, change is driven by the willingness of the local leadership, both in-migrant and lifelong residents, to build new leadership structures accommodating the interests of both groups.

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ABSTRACTS

This paper considers whether the US Appalachian Regional Commission (ARC) Asset-Based Development Initiative (ABDI) reconciles economic development objectives in communities experiencing demographic change. Through a case study approach utilizing key informant interviews in Southwest Virginia communities and a review of ARC-funded projects, the authors consider two main questions. Did community leadership change or adapt to the program? Were new projects demonstrably different in objectives, content, or outcomes than past projects? Economic and demographic similarities between Alpine and Appalachian communities, particularly in the role of in-migrants, suggest that this study’s findings will be relevant for other mountain regions and could contribute to a conversation among international scholars of mountain development.

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