ncrp
National Committee for Responsive Philanthropy

GRANTMAKERS FOR SOUTHERN PROGRESS

as the south grows

STRONG ROOTS

BY RYAN SCHLEGEL AND STEPHANIE PENG

TABLE OF CONTENTS

ACKNOWLEDGEMENTS

First and foremost, NCRP would like to thank the funders, grantees and leaders who shared their stories during interviews and in focus groups. We would also like to thank the hosts of our focus groups for sharing their space and their convening power: Black Belt Community Foundation, Southern Partners Fund, Foundation for Appalachian Kentucky and Coastal Community Foundation.

Special thanks to our Advisory Committee members who shared their time and perspective; Gita Gulati-Partee, who provided valuable guidance throughout the research process; and to Chris Kromm and Allie Yee at the Institute for Southern Studies, who provided additional research and data for this project.

We are also grateful to the Educational Foundation of America, The Kresge Foundation and the Mary Reynolds Babcock Foundation for their funding and support of this project.

ABOUT NCRP

The National Committee for Responsive Philanthropy is a 40-year-old organization that envisions a fair, just and democratic society in which the common good is recognized as a high priority; where a robust public sector is empowered to protect, preserve and extend the commonly held resources and the public interest; where a vital nonprofit sector provides voice and value to those most in need; and where all people enjoy equality of opportunity, access and fair treatment without discrimination based on race, gender, sexual orientation, physical ability, economic status, national origin or other identities.

NCRP envisions philanthropy at its best contributing to this vision of society by operating with the highest standards of integrity and openness, and by investing in people and communities with the least wealth and opportunity and nonprofit organizations that serve and represent them.

ABOUT GSP

Grantmakers for Southern Progress (GSP) is a network of southern and national funders who are committed to fostering thriving communities in the American South, characterized in part by racial and gender equity. We envision a region and a country that is just and caring, where all people truly have the power to live healthy, prosperous and whole lives, free of fear and marginalization. To accomplish this vision, GSP serves as a philanthropic solutions hub that builds relationships, and aligns and leverages resources and learning in support of structural change efforts led by local, state and national partners that address the drivers on inequity, poverty and human suffering. We believe that learning from and investing in the social and economic justice infrastructure in the South will produce tangible positive outcomes for those who are least well off socially, economically and politically in the South, but will also produce lessons that will benefit the entire U.S., as we collectively push for a more inclusive, equitable and safe country. For as the south goes, so goes the nation…

STAY TUNED FOR TWO MORE REPORTS IN THE AS THE SOUTH GROWS SERIES!

ADVISORY COMMITTEE

CLIFF ALBRIGHT
Southern Working Group, Democracy Alliance

KIARA BOONE
Equal Justice Initiative

JOE BURRIS
Marguerite Casey Foundation

WILL CORDERY
Wellspring Advisors

FLOZELL DANIELS, JR.
Foundation for Louisiana

CHANTELLE FISHER-BORNE
Funders for LGBTQ Issues

LAVASTIAN GLENN
Mary Reynolds Babcock Foundation

REGAN GRUBER MOFFITT
Winthrop Rockefeller Foundation

STEPHANIE GUILLOUD
Project South

DERRICK JOHNSON
One Voice

SHAMAR BIBBINS
The Kresge Foundation

EDDY MORALES
Morales Public Relations

MARÍA RODRIGUEZ
Florida Immigrant Coalition

JERA STRIBLING
Alabama Giving

ALEYAMMA MATHEW
Ms. Foundation for Women

COAL COUNTY + LOWCOUNTRY INTERVIEW AND FOCUS GROUP PARTICIPANTS

Bonita Adams
Route 7 Artisan Fellowship

Susan B. Bankson
Wells Fargo Foundation

Shane Barton
University of Kentucky Appalachian Center

Gwen Chambers
Bluffton Self Help

Timothy Cooley
Floyd County Emergency and Rescue Squad

Kathy Cox
The Walmart Foundation

Andrew Crosson
Central Appalachian Network

Sandi Curd
Kentucky Highlands Investment Corporation

Dee Davis
Center for Rural Strategies

Dwana Doctor
Hampton County First Steps

Robert Donnan
Foundation for Appalachian Kentucky

John Dortch
Circle of Hope Ministries

Farhad Ebrahimi
The Chorus Foundation

Robert Gipe
Southeast Kentucky Community and Technical College

Darrin Goss
Coastal Community Foundation of South Carolina

Chris Hartman
Fairness Campaign

Peter Hille
Mountain Association for Community Economic Development

Mae Humiston
Community Farm Alliance

Brent Hutchinson
Hindman Settlement School

Duchett Polite Hylton
Jasper County First Steps

Seth Long
HOMES, Inc

Sarah Mahonski
PASOs

Michelle Mapp
South Carolina Community Loan Fund

Bernie Mazyck
South Carolina Association for Community Economic Development

Scott McReynolds
Housing Development Alliance

Molly Talbot-Metz
Mary Black Foundation

Margaret Nichols
Carr Creek Alumni Association

Stephanie Randolph
blue moon fund

Mirian Rivera
PASOs

Gerry Roll
Foundation for Appalachian Kentucky

Les Roll
Mountain Association for Community Economic Development

Geales Sands
Frances P. Bunnelle Foundation

Camella Scott
Metanoia Community Development Corporation

Steve Skardon
Palmetto Project

Ada Smith
Appalshop

Lora Smith
Philanthropic Capital Fund for Southeast Kentucky

Jennie Stephens
Center for Heirs Property Preservation

Betty Washington
Beaufort County First Steps

Thomas Watson
Rural Support Partners

June Widman
Eastern Kentucky Childcare Coalition

Rodney Wolfenbarger
Brushy Fork Institute

Yajaira West
PNC Foundation

AS THE SOUTH GROWS

As different as they seem, the South Carolina Lowcountry and Kentucky Coal Country are both at the vanguard of a national, and even global, economic transition that will set a course for communities like them everywhere. These communities are no longer as isolated as they once were. Globalization has made them more accessible to more people and more economic development than ever before. The vibrant history and distinctive culture in each region were shaped by their isolation from the rest of the country. And their future will be shaped by the tension between global economic forces and locally controlled community assets.

In the first *As the South Grows* report, we explored opportunities for philanthropic investment in the South for building collective power by supporting existing nonprofit leaders and networks. But building power is only the first step toward achieving a vision of shared prosperity for Southern communities. Systemic change work in the South goes beyond building power; funders must also focus on building wealth in marginalized communities. Community economic development in the South is sometimes not seen as a viable strategy to advance equity and justice. But, especially when community asset building directly addresses the South's history of extraction, exploitation and systematic exclusion from economic opportunity, it is indeed a long-term systems change strategy.

Communities across the South already have the assets and capacity to build locally grown and owned wealth and protect other assets such as culture and heritage. Funders and donors may not initially view existing community economic development infrastructure as viable investments. But if philanthropy expands its understanding of community assets and supports innovative, accountable economic development that is truly community-controlled, those investments can be transformative.

How can foundations help communities identify existing assets and capitalize on them? How can foundations support communities to build wealth that is inclusive and protective of local culture? How can Southern economic development be controlled more by the communities it will benefit?

This report explores the link between community-driven economic development and equity in the South. From the coalfields of Kentucky to coastal South Carolina, organizations and institutions are adjusting to changing economic realities and using innovative strategies to build lasting wealth within their communities.

THE BOTTOM LINE

The South's economic history is dominated by extractive industry, artificially cheap labor, unbridled economic development, and exploitation of the region's human and natural resources. As different as the region's mountain hollers and sea islands may seem demographically, politically and economically, they share this history. The fate of Appalachian coal miners and Lowcountry farmers is linked.

executive summary

And as nonprofit and community leaders in the Lowcountry and in Appalachia understand, dramatic economic transition for many Southern communities is underway. Community-led economic development organizations are breaking down barriers to access to wealth-building tools for historically excluded Southern communities. They are changing the narrative about the region's economic past and future. They are capitalizing on the South's rich assets: its people, its land and its culture.

With increased philanthropic engagement to capitalize on assets that already exist and build assets where they are needed, Southern communities can successfully transition to new economies built around equity and inclusion.

RECOMMENDATIONS

Are you ready to invest in just and equitable economic development in the South? Here's how to get started:

- Understand structural inequity and its relationship to economic exclusion and exploitation in the South.
- Embrace an inclusive, optimistic and pragmatic narrative about the linked fate of Southern communities and the prosperous future ahead.
- Consider the ways community economic development - with equity and an inclusive narrative - is a promising tool for systemic change in the South.
- Make long-term, flexible commitments of capital, time and capacity.

DO'S AND DON'TS

DO *understand the long shared past of each community and their long-term vision for their shared future.*

DO *bring the full range of your financial resources to bear on investments in Southern community economic development.*

DO *invest in the diversity of community assets present in any Southern community.*

DON'T *invest in community economic development that does not include meaningful community representation.*

DON'T *underestimate the structural change potential in community economic development.*

DON'T *write off Southern grantee partners because of capacity needs.*

INTRODUCTION

Chavies, Kentucky, isn't on the way to anywhere. Located in Coal Country 200 miles as the crow flies from three of the fastest-growing economies in the country, the town of 500 is three hours from the nearest commercial airport, by winding mountain roads, at the heart of one of the largest concentrations of persistent poverty in the country. At the other extreme of the American South, the Lowcountry of South Carolina is exploding with economic growth that threatens to destabilize centuries-old communities.

As different as they seem, the Lowcountry and Coal Country are both at the vanguard of a national, and even global, economic transition that will set a course for communities like them everywhere.

The Southern economy was built around the backbone of the fertile agricultural Black Belt – and on the backs of the enslaved people who worked there. After white colonizers forced Native people off the land, they set about enriching themselves off the fertile soil and slave labor. On the margins of the Black Belt are lands that the rich and powerful of yesterday's South did not want. Appalachian hills and hollers were too isolated, their resources too hard to access. Coastal marshes teemed with bugs and sweltered in the summer sun. But the landscape of Eastern Kentucky was a draw for pioneers and colonists seeking solitude and autonomy from mainstream urban life in the Colonies.

The story of Appalachian people is complicated – though early colonists were not wealthy slave-owners like their countrymen in the Black Belt, they were complicit in the expulsion of Native people. A century and more later, their descendants drove the coal economy and provided the nation with cheap profitable energy. In the Lowcountry, planters similarly accelerated Native people from the land. In later years freed slaves, who once made South Carolina rice one of the most profitable crops in the country, settled remote islands, lived in relative peace and independence, and passed down a unique transatlantic culture.

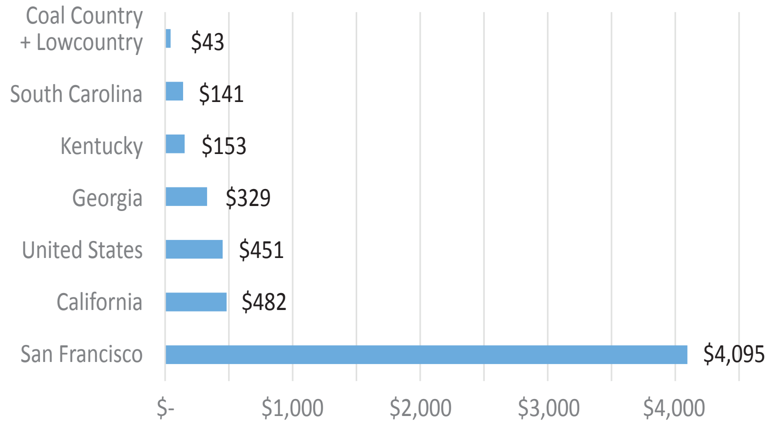
These rural communities are no longer as isolated as they once were. Globalization has made them more accessible to more people and more economic development than ever before. In recent years, demand for coal from Eastern Kentucky has declined, as cheaper sources of coal and alternate energy sources become available, and the region's dependency on coal as an economic driver of wealth has been disrupted. In coastal South Carolina, housing and commercial developments following new roads and bridges built in the 1950s, along with regressive state policy incentives, have attracted a growing manufacturing industry that is threatening Lowcountry communities' way of life.

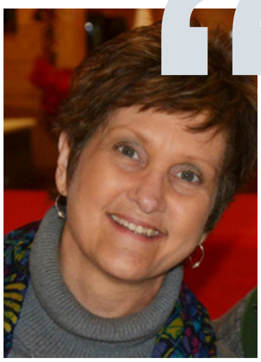
The vibrant history and distinctive culture in each region were shaped by their isolation from the rest of the country. And their future will be shaped by the tension between global economic forces and locally-controlled community assets.

In the first *As the South Grows* report, we explored opportunities for philanthropic investment in the South for building collective power by supporting existing nonprofit leaders and networks. But building power is only the first step toward achieving a vision of shared prosperity for Southern communities. Systemic change work in the South goes beyond building power; funders must also focus on building wealth in marginalized communities. Community economic development in the South is sometimes not seen as a viable strategy to advance equity and justice. But, especially when community asset building directly addresses the South's history of extraction, exploitation and systematic exclusion from economic opportunity, it is indeed a long-term systems change strategy.

Communities across the South already have the assets and capacity to build locally grown and owned wealth and protect other assets such as culture and heritage. Funders and donors may not initially view existing community economic development infrastructure as viable investments. But if philanthropy expands its understanding of community assets and supports innovative, accountable economic development that is truly controlled by communities affected by income, gender and race inequality, those investments can be transformative.

PER CAPITA GRANTMAKING, 2010-2014

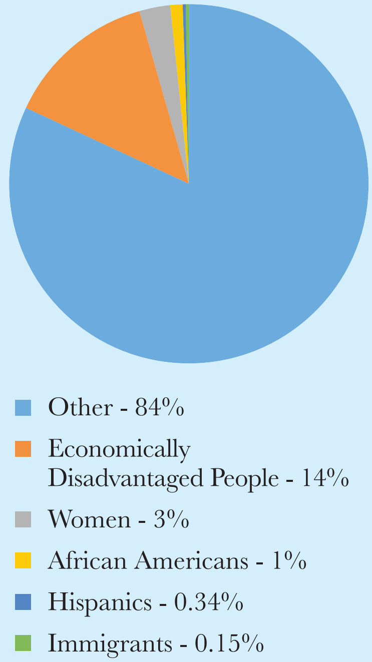




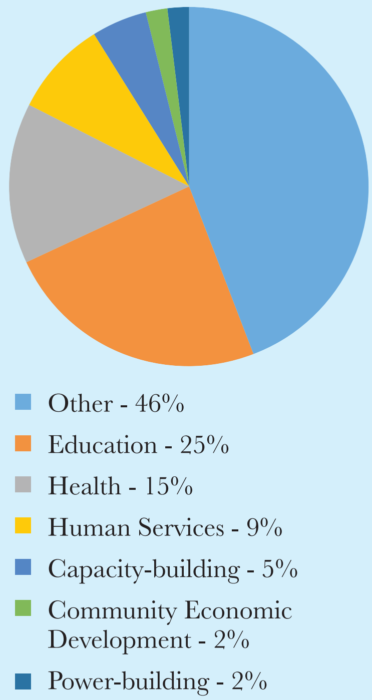
“A national foundation could dump a half a million dollars here right now, and it wouldn’t mean a thing in five years. Or they could help us where we are, with what we have, and really invest in figuring out how we turn this economy around. What does this economic transition look like? I don’t think anyone knows what the answer is, but there are people out there with a lot more resources than I have that could help us answer that question. And I don’t want to go to New York and answer that question; I wish they would come here. If funders are interested in Appalachia, the South, then make a commitment that’s longer than two or three years. Make it 10 years, and don’t throw money at the problems, but participate in the network of folks interested in this place. It’s not pretty or sexy; it’s a slog.”

-Gerry Roll

COAL COUNTRY + LOWCOUNTRY GRANTMAKING BY POPULATION



COAL COUNTRY + LOWCOUNTRY GRANTMAKING BY STRATEGY



How can foundations help communities identify existing assets and capitalize on them? How can foundations support communities to build wealth that is inclusive and protective of local culture? How can Southern economic development be controlled more by the communities it will benefit?

This report will explore the link between community-driven economic development and equity in the South. From the coalfields of Kentucky to coastal South Carolina, organizations and institutions are adjusting to changing economic realities and using innovative strategies to build lasting wealth within their communities.

VOICES FROM COAL COUNTRY
AND THE LOWCOUNTRY

GERRY ROLL

EXECUTIVE DIRECTOR

Foundation for Appalachian Kentucky

In the rugged, isolated hollers around Chavies and across Appalachia, it can be challenging not to be dispirited by the depth and persistence of economic distress. But Gerry Roll at the Foundation for Appalachian Kentucky is adamant that living – and making a living – in Appalachia is meaningful today for the same reasons it was centuries ago.

Long a destination for poor Scots-Irish immigrants in search of a bit of land and independence from the mainstream of American life, the Coal Country of Kentucky and surrounding states produced boundless wealth for corporations and industrialists in the 20th century and a unique way of life for the people living there.

"The place is such an important piece of our history and our heritage. People came to this place to be who they were and not be ridiculed. Some people came here to hide; some came to live and work in peace and be a little bit isolated because of the protection the mountains offered. Others came here because they found others like them here," explained Roll. "Our natural resources, our people, our sense of community and pride – I don't find it when I go [to] other places. Even in a time of what could be seen as real despair, we have this overwhelming sense of opportunity."

In the post-Civil War Industrial Revolution, the demand for an energy source soared, and coal mining became the main industry of the region. Appalachian culture and coal mining became synonymous, and, while the wealth generated from their labor was never shared in any equitable way, the hollers of Coal Country thrived.

But since the 1950s – beginning with the mechanization of coal mining, to environmental concerns of mining, to globalization and the increasing price of Eastern Kentucky coal – it is no longer the prosperous industry it once was. Coal production in Eastern Kentucky declined by more than 80 percent between 2000 and 2015. Coal jobs (mining and supportive industry) fell by a staggering 50 percent between 2011 and 2015.[1]

The hard, fast transition away from an extractive coal economy has transformed nearly every community in Appalachia; it has been one of the most dramatic economic collapses in modern history. And the region's relative isolation has made the transition even more painful.

However, that history does not mean that philanthropists should approach work in Appalachia by trying to diagnose problems and treat them with prescribed solutions. Philanthropists should think of themselves as investors when they fund in the rural South, according to Roll – investors not just in hard assets like natural resources and infrastructure but in softer assets like culture and heritage.

Roll and the foundation have devoted significant time and resources to working in and with communities to identify the key assets and needs that will determine how equitably the Appalachian region transitions to a new economy. She has attracted national foundation investments to a part

1. Institute for Southern Studies research brief

of Appalachia that has historically been written off by philanthropy, and she serves on the leadership team of the Appalachia Funders Network, which brings philanthropy, government and the private sector together to co-strategize about the most sustainable and effective ways to invest in the Appalachian region – from Ohio to Tennessee.

"Over a period of years, we had lots of conversations with groups on porches, in schools, young people, old people, at fire stations, in churches, wherever we could reach folks," Roll said. "We really tried to get to the bottom of what is it we want our region to look like. What we heard people say was – if we can get students out of high school ready to succeed, then the rest of that won't be a problem. But we don't think education is necessarily just schools. We need to work on our housing stock, and we need to do it in a way to allow people to retain their homeownership status and their family stability."

Roll also spoke about the importance of arts and health in community building.

"A big piece of our heritage is in arts and storytelling, woodworking, dance, music," Roll said. "We want to make that a sister to our community building. Another one of our priorities is health and well-being, and we were really careful to frame that as everything but health care. Health and well-being means we work on things like sidewalks, having opportunities for people to be outside, to hike, to ride a bike. How do we value our heritage and still eat good food? How do we learn how to use our land to produce more local food and still be healthy?"

She also stressed the importance of focusing on the environment.

"The last piece is the environment – our sidewalks, roads, public places," she said. "It's keeping it pristine and beautiful all the way down to what do we want use our natural resources for? What is the best use for them? So we looked at what we were doing in a different framework. We're not doing this because it's good for us and because it makes us healthier; we're doing these things now because we can turn this into our new economy."

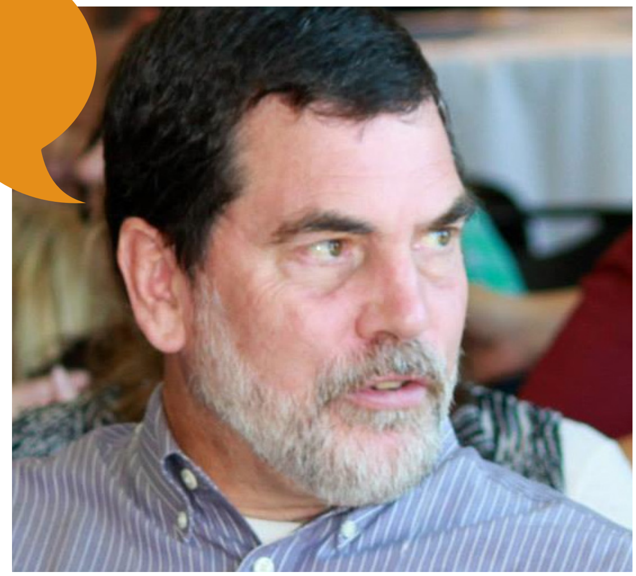
Appalachian communities are challenged by high unemployment, insufficient housing and health disparities, but they are optimistic about their shared future. And that is an asset worth investment, Roll said.

"We get a lot of funder tours, and I tell them before you get here, think about not so much what you see but what you feel," she said. "You might see a lot of burned-out buildings or empty store fronts, but you'll meet people, you'll see our community. Think about what you feel in this community, not what you see."

Roll explained the importance of listening for a community's sense of optimism for its future.

"We have a lot of open vistas, but when you go into our town, you could just see substandard housing or boarded-up main street, but if you start talking to people and listen to what they're telling you, either about their history or their garden or what their main street when the group is finished with that place, then you'll know that investing here is worth your while," Roll said. "We're going to make it happen, and even if our unemployment rate is 27 percent, we're going to get past that. We have some good ideas, and we're going to pull together and make it happen. If you have money and resources that might make it happen faster, but we're going to get it done."

How can people in Eastern Kentucky, whose careers and livelihoods have been so dependent on the coal industry, adjust to a reality where the industry no longer exists? What specific kinds of infrastructure and investment tools will be required to make sure the transition is just and equitable, that prosperity is shared instead of concentrated in a few hands as it has been in the past? Communities in this region have been working on these questions in recent years to figure out how to build an economy that is self-dependent and can incorporate the region's many assets.



PETER HILLE

EXECUTIVE DIRECTOR

Mountain Association for Community Economic Development

"MACED's work is about shaping a just transition for Appalachia to a new post-coal economy that's more diverse, sustainable and equitable, and that new economy needs to be locally based, community driven, built on regional talent, traditions and assets and it should embody the vision of a bright future," said Peter Hille. "One of my colleagues likes to point out that we will have a transition, no matter what, but if we want a just transition, we have to work at it."

Through his years of experience at the Mountain Association for Community Economic Development (MACED) in Berea, Kentucky, Hille is familiar with the tension between the livelihood and legacy of coal mining that once made its communities prosperous, along with the economic and environmental realities that have eroded that prosperity and disenfranchised its people.

> *"Locally owned businesses – locally built businesses – are going to be much more durable and create that more diverse economy that is locally based and locally centered.*

"The reality is even when coal was booming it wasn't great for everyone and we didn't use the opportunity to build a more diverse economy. We describe the collapse of coal as a tragedy that sits on top of a disaster. It's a very real tragedy for the workers who've lost their jobs, for their families, for their communities, for the secondary and tertiary businesses that depended on the economics of that industry. But this is a tragedy that sits on top of a disaster of decades of economic distress, during which time we've seen a gradual loss of jobs in the coal industry due to mechanization," recounted Hille. "So, by the time we got to this final collapse, we were losing half of the remaining 20,000 jobs, but in the 1950's we had more than 75,000 jobs."

The changing global economy, combined with a disinvestment from rural communities as philanthropic and government attention turned to urban centers, has left people in these communities feeling left out of political discourse. And the region's poverty has made things more challenging. The USDA considers a county persistently poor when at least 20 percent of its population has lived in poverty for at least 30 years. Nationally, 11 percent of counties are considered persistently poor. Regionally, 20 percent of counties in the South meet this designation. In eastern Kentucky, 72 percent of counties are considered persistently poor.[2]

But Hille and MACED see an opportunity to move the dialogue forward and advance the movement toward an economic transition that is equitable and sustainable.

"There is an opening that began about four years ago when we saw this sudden collapse of the coal industry," Hille said. "We see the greatest opportunity around building a new economy to be in engaging and enlivening and supporting entrepreneurial ecosystems and enterprises that create this more diverse economy instead of looking

2. United States Department of Agriculture, "Geography of Poverty," https://www.ers.usda.gov/topics/rural-economy-population/rural-poverty-well-being/geography-of-poverty.aspx.

to replace one industry with another industry."

The history of extractive economies in Appalachia and the South goes beyond just extracting coal.

"Industry by its nature one way or another is often extractive. Even if it's manufacturing, if that represents a capital investment from the outside, then the profits derived with that local labor are still going to return to the source of that capital, which is again going to be outside," explained Hille. "So locally owned businesses – locally built businesses – are going to be much more durable and create that more diverse economy that is locally based and locally centered. So our work is largely around resourcing those entrepreneurs who want to start or grow their businesses and providing them with both the capital and the technical assistance to do that."

By building on existing assets – the land, natural resources and culture of the region – MACED works with small enterprises and provides access to capital and capacity building to create additional economic opportunities that are locally based rather than dependent on external investors, while protecting the region's assets.

"What does venture capital represent in terms of a support to an enterprise? Well it's willing to take more risk, and it's patient in terms of the return, but venture capital is usually looking for a big payout in the end," noted Hille. "So, we're looking at how we can do that with debt financing and make it work the same way from the borrower's perspective as it would if it were venture capital. We can put that money in, we can accept higher risk on the front end, we can be flexible in structuring the repayment, for example waiting until the enterprise starts to generate reasonable cash flow, a pre-agreed upon threshold before they start making payments back against the principal and charging interest on the loan at market rates instead of taking an equity position that represents a big chunk of the value of the business."

It's important for funders interested in a new Southern economy to understand and be willing to try innovative funding methods, he said.

"As a CDFI [community development financial institution], one of our sources of capital is PRIs [program-related investments] from foundations. Our pitch to foundations who want to partner in this work is this: If you want to make a PRI, alongside of that we'd like you to make a donation into this collateral support fund and alongside of that we'd like you to fund some of the cost of getting that money out and some of the loss reserve for that," said Hille. "So trying to build new tools both on the capital attraction side and the capital deployment side that are going to make capital work more to benefit people and communities instead of capital working for the benefit of capital."

From the Opportunity Finance Network:

"Community development financial institutions (CDFIs) are private financial institutions that are 100 percent dedicated to delivering responsible, affordable lending to help low-income, low-wealth and other disadvantaged people and communities join the economic mainstream. By financing community businesses – including small businesses, microenterprises, nonprofit organizations, commercial real estate and affordable housing – CDFIs spark job growth and retention in hard-to-serve markets across the nation. CDFIs are profitable but not profit-maximizing. They put community first, not the shareholder."

These assets are deeply rooted in the land and culture of Appalachia, and MACED aims to connect the rich culture with the wealth of economic opportunities.

"We've identified several market sectors that we think are important both because they represent economic opportunity and because they are grounded in place," continued Hille. "So it's not just something that can be done anywhere, but it really exists here in an important way and also generates secondary benefits to the community alongside the benefits in terms of jobs. We see these opportunities in sectors like energy, sustainable forestry, place-based tourism, local food and accessible health care."

Despite the systematic lack of investments – philanthropic or otherwise – in Appalachian wealth-building, a handful of regional and national foundations do play an important role in MACED's work. Key supporters, such as the Chorus Foundation and the Mary Reynolds Babcock Foundation, have been long-time investors and supporters who understand the role that CDFIs play in achieving long-term systemic change in these communities so that they can build wealth and attract more investments in the long term.

"They made a deep, long-term commitment to Eastern Kentucky – $10 million over 10 years, and a third of that goes to MACED," Hille said of the Chorus Foundation.

He also emphasized that these investments must be integrated and taken with a long-term approach. "Many of the funders that I have had direct experience with tend to think that a two- or three-year grant is a pretty long period of time, and should show lasting sustainable change at the end of that. We appreciate funding partners that are in it for the long haul"

Chorus and their peers at the Appalachia Funders Network in particular have demonstrated a more sustainable and realistic approach to investing in the region.

In many ways, the collapse of coal, and the stress it puts on Appalachian communities, has been unique in our time. But, hundreds of miles away, in another part of the South where people lived, sustained by their culture and independent spirt, on the margins, some of the same global economic factors are at work.

JENNIE STEPHENS

EXECUTIVE DIRECTOR

Center for Heirs' Property Preservation

Charleston, South Carolina, is booming. It is the new home of many returning Southerners, playing out the region-wide trend that is beginning to reverse last century's Great Migration. Northerners are following them, attracted as they are by the pleasant climate, the rich culture and the burgeoning manufacturing and technology industries, the last of which are attracted to Charleston by concerted state policy efforts.

The Port of Charleston accounts for $53 million in economic activity each year, and heavy manufacturers like Volvo and Boeing have recently opened large-scale plants in the area.[3] The Charleston region's labor force increased more than 9 percent from 2010 to 2015; its population grew more than 11 percent in the same timeframe. On average 48 new residents arrive in the Lowcountry each day.[4]

Jennie Stephens has watched the transformation play out in her native Lowcountry with mixed feelings.

3. ISS research brief
4. Charleston Regional Development Alliance, http://www.crda.org/local-data/labor-employment/.

That's because Charleston's boon has a shadow side. The organization Stephens leads, the Center for Heirs' Property Preservation, has been fighting successfully for more than a decade to ensure the region's unique legacy of Black landownership and economic independence can survive the development onslaught.

"People come here because they like the culture, but they bring other characteristics, which will then eliminate the culture," shared Stephens. "Say for example people are like 'Oh, I love it here—the beaches, the rural area, etc.," but they (i.e. non-native folk) will come, they'll build a house or they'll move into a community that has a gate, which will block off the dock to the river that everybody has used all their lives or it's those kind of things. They came because they liked the area, but eventually that once appealing characteristic is destroyed."

Enslaved descendants of West African farmers brought to South Carolina because of their expertise in cultivating rice once made Charleston one of the wealthiest cities on the continent.[5] The slavemasters and plantation owners of the rice empire were not accustomed to the climate or endemic diseases that were common in the coastal rice fields. They moved farther inland, at first spending part of the year away from the coastal plantations in country homes and eventually leaving the enslaved people on their own.

Isolation from the mainland planter class and Charleston's elite meant the mix of West African language and culture could flourish among the marshes and islands of the Lowcountry. And the Gullah people – as the enslaved Africans and their descendants would come to be called – lived on and worked land that would, after emancipation, largely become theirs in right as it long had been in fact.

But Gullah communities are no longer so isolated, and their land and homes are endangered by corporate developers, tourism and the influx of well-off newcomers. In the early 20th century, 19 million acres of the Lowcountry were owned by small-scale Black landowners; now, just 3 million acres of it remain.[6]

"We live on the coast, and you know land that was considered mosquito-ridden and marshland is now considered valuable," observed Stephens. "And so the greatest challenge is how to help these landowners reap economic benefit so they will have the motivation to hold onto their land."

At the Center for Heirs' Property Preservation, Stephens works to prevent land loss among historically underserved landowners who are majority African American. Under Stephens' leadership, the Center brings together unique cultural knowledge, legal expertise, and grassroots advocacy to balance the scales of power between wealthy developers and low-income landowners. Most of these landowners are Gullah people, and the land they live on has been passed down for generations without wills or other legal documentation. Known as heirs' property, this land is uniquely vulnerable to predatory development practices, eroding the economic independence of the Lowcountry's native population.

"Heirs' property is land that has passed down without a will, so the heirs of that person own it jointly, and whatever one does upsets the ownership status for the remainder. So developers (or other individuals) find a backdoor way to get the land at a below-market price by offering money to heirs who may not even live in South Carolina or know the value of the land or have ever been to the land. That's one of the challenges," explained Stephens. "The other is the increasing growth that is occurring because folks are moving down, gated communities are being built to accommodate the new folks and industries are moving in. Ultimately, property taxes increase due to the increasing the value of the land. And if I am an heir, and I live on a fixed income, and the tax bill goes from $500 to $1,000 or even higher because of reassessment: This scenario is also playing a part in the loss of land in this area."

Discriminatory land title practices at the local and state levels, exclusionary practices at the USDA, as well as historic barriers to African Americans who sought a legal education have contributed to a culture of distrust that leaves landowners vulnerable to exploitation.

At the Center, Stephens and the staff work with the landowners to not just hold onto their land but to understand the value of the land and even reap financial benefits from it while maintaining ownership. This work involves educating the landowners and getting them to see

5. National Park Service, "Community History," United States Department of the Interior, https://www.nps.gov/nr/travel/charleston/community.htm.
6. Heirs Property Retention Coalition, "Preserving your Property: A Guide to Heirs' Property in North Carolina," http://southerncoalition.org/hprc/sites/default/files/NCheirspprop.pdf.

their land as an asset and, for those who own more than 10 forested acres, developing forest management plans so they can profit from the land.

"They see [the land] as a liability. They may have been paying maintenance costs such as property taxes on the land forever and not receiving any monetary benefit from it so they see it as a liability," said Stephens. "So I think that knowing what one owns is the first hurdle to overcome. Then providing such tools as legal or forestry advice can help these landowners become financially empowered."

Forest management and tax law education may not seem at first glance like systemic change strategies. But, in a part of the country where lack of access to higher education and the racial wealth gap present structural barriers to sustainable, lucrative landownership, they are.

In fact, because forestry in South Carolina is such a lucrative industry that has historically been characterized by exclusion and exploitation of Black farmers, the Center's work in those communities is a structural change economic development strategy.

"We know that there are funders who should be interested in our work, either through social justice or economic justice or the environment, it depends upon what you're interested in," Stephens said. "We can find a little bit of everything [in our work]. I say we're a social service agency who happens to use the law and forestry to help our landowners. So our work is very robust in the sense of things in which other funders may be interested."

But sometimes the investment that's needed isn't the "flavor" in which funders are interested, Stephens said.

"The Center needs an opportunity to share its work to other funders. Sometimes funders do not want to pay for an attorney's salary," she said. "I understand why they wouldn't want to, but if that is the only way to resolve the issue with the land, so the families can maximize the use, why wouldn't you? That's the piece that's missing."

Funders can only take the forestry work so far if they also aren't willing to fund the legal work.

"When we started our sustainable forestry program, that's when funders, local, regional, who didn't even think about us, saw the environment piece in our work," she said. "But yet there's only so far they can go with forestry if they don't have a clear title. So it's getting funders to understand. I understand it's a lawyer's salary, but if you really want to resolve what is really an economic issue, this funding strategy is needed. it's an asset that's not being maximized to its highest use."

While African-American communities in the Lowcountry have historically maintained access to land, access to community wealth and specifically wealth-building institutions and tools (capital, commodities and debt markets, banks, etc.) has been systematically denied.

MICHELLE MAPP

CEO

South Carolina Community Loan Fund

Over the last century, Black communities in the Lowcountry have built community development infrastructures and strategies that are aimed at creating wealth within their own communities. With leadership drawn from the world of banking, the church and the public sector, these communities have built what amounts to a parallel system of financing for projects that serve the community and build wealth that combats the entrenched racial wealth gap.

Michelle Mapp, CEO of the South Carolina Community Loan Fund (SCCLF), has led the organization to provide access to capital, especially in low-income, rural communities, where people have been unable to secure financing.

“We are constantly striving to ensure that communities, both people and places that have been historically left out of the financial realm, have access to capital. Our focus is on community-based asset development so creating community wealth through the creation of real estate-based assets,” explained Mapp. “We finance the supply side of affordable housing, healthy food enterprises, community facilities and community-based businesses. We are looking at women borrowers, minority borrowers, veteran borrowers, a very diverse range of people in the community who our data clearly shows have not equitably or equally accessed capital.”

> *“My advice to foundations is to add an analysis of gender to their toolbox to understand the problems facing the South.*

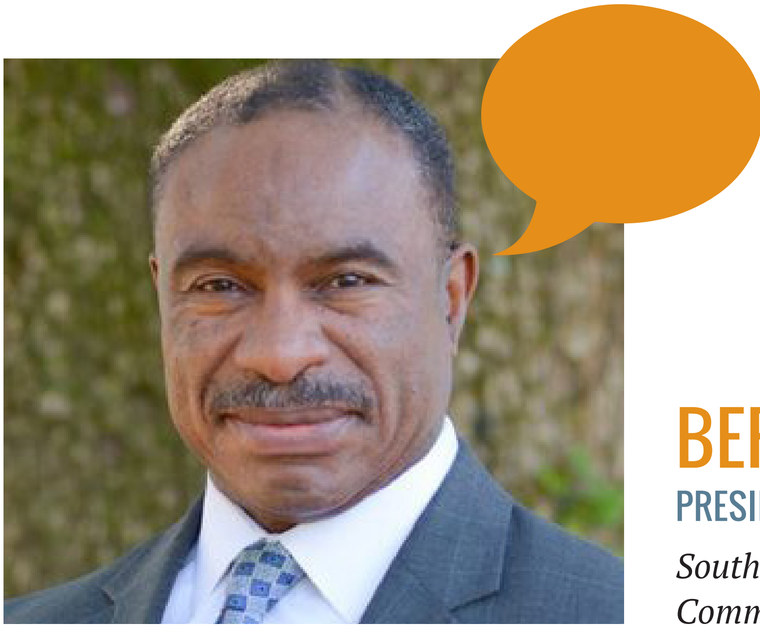
Mapp recognizes the unique challenges that these potential borrowers might bring to the table.

“So a lot of the work that we do is how we really get our message out to those groups that we are here and that we have capital available to lend, but that we also recognize what may have been some of the historical challenges, and so we’re willing to work through that or think through those challenges with those borrowers.”

By educating borrowers about the best way to grow their assets and tackling the systemic barriers to sustainable wealth, SCCLF is empowering those they serve.

“There’s tremendous opportunities for low-wealth communities to capitalize on investments from these larger manufacturers that are coming in – everything from tourism-related business to culture and making sweetgrass baskets and the rich food heritage that we have here,” said Mapp. “There are plenty of opportunities around capitalizing on the natural beauty of this place, the cultural heritage of this place, and also around the local food systems.”

SCCLF is one of many community-development organizations in South Carolina working to increase access to capital in an environment where whole communities and populations have been excluded from the economic



BERNIE MAZYCK

PRESIDENT AND CEO

South Carolina Association for Community Economic Development

and political systems. SCCLF is also a member of the South Carolina Association for Community Economic Development (SCACED), and its president, Bernie Mazyck, is working to strengthen and increase the power of community-development corporations to boost community wealth and attract more equitable and sustainable investments into South Carolina.

Together, with community and funder partners, SCACED has helped build an infrastructure of community-development corporations that provide alternative access to capital for communities who have been historically excluded from the economy.

"Our goal is that every community in South Carolina, especially low-wealth and low-income communities, has access to resources that are acceptable to them to address issues of poverty, inequity and any of the economic exclusion challenges that they have," shared Mazyck. "That means every community, and it also means every organization, every family, has access to resources that they need to create a viable, vibrant life and a viable and vibrant community."

Based in Charleston and working with organizations all over South Carolina, Mazyck has witnessed the resurgence of the local economy; he has also seen how race, gender and class inequity have led to gentrification and growing wealth inequality. In 1980, Charleston County was two-thirds African American. In 2010, it was two-thirds white.[7]

"We see [inequality] as far as how dollars are spent by state government on such projects as infrastructure. We see that playing itself out in health care, where individuals have access to health care," described Mazyck. "We see that playing out in food security as it relates to food deserts. We're also, when it comes to specifically urban areas, we're now seeing issues around gentrification that's playing out more aggressively than we've seen in a number of years."

Mazyck and SCACED are working to build an infrastructure of nonprofits and organizations all over South Carolina to ensure that these low-income families have access to resources and so that the communities can attract additional investment.

"[Organizations] need to have the resources to do the projects, the projects need to grow to scale to be able to strengthen their case for investing in their work," noted Mazyck. "And until more of the lower capacity organizations develop projects at the scale that can attract other investment, they'll continue to be challenged."

Mazyck and the network he leads have attracted millions of dollars of public and private investment to South Carolina, which has resulted in over $250 million in economic impact for the state. But SCACED and its peers are still challenged to get grantmakers to understand the longer-term strategy of breaking down the barriers of economic exclusion.

7. U.S. Census data: https://www.census.gov/quickfacts/table/PST045216/45019

"People can understand, 'Hey we're going to build a homeless shelter' but they may not be able to understand, 'How do we as a community address affordable housing when there are so many in the community that are faced with that challenge?'" said Mapp, speaking about the challenges of receiving foundation support.

She explained that grantmakers seem to have difficulties grasping the CDFI model and the importance of supporting an organization like hers that lends out investments received.

"Overall, we've found that a really hard nut to crack. And not just on the lending capital side but on the operating support side. People see our organization and although we are well-capitalized and have capital available to lend, I don't think they understand our model is that we are not a large CDFI that's 100 percent self-sufficient," observed Mapp. "We are very much still dependent on grants and donations to fill that gap between what we're not making on an earned revenue side."

Mapp encourages funders to take a longer-term approach and look beyond the initial risk to the potential for leverage.

"If I could go to foundations and say, 'Look if you give me half a million dollars, it's going to sit in a bank account for the next five or 10 years, but that $500,000 will allow me to go out and raise five or 10 million dollars from other institutions or banks and then I can turn around and use that capital to make loans for affordable housing and healthy food and community facilities and community businesses,'" explained Mapp.

Mazyck also emphasizes that there are community assets that too often go unrecognized by funders and investors.

"It's a matter of us packaging those assets in a way that investors and institutions can recognize the value and make the kind of investment in those areas," said Mazyck.

"We have everything from what you would call soft assets to hard assets. Soft assets include the culture. South Carolina has a wealth of diversity with a history with cultural assets that can attract everything from business to academics to researchers just to understand the culture and to monetize that – to make that something folks will pay for, will invest in," continued Mazyck. "Rural areas have environmental assets like rivers and farms and other institutions that can attract visitors and folks who want to relocate there in a managed way. South Carolina has those natural and cultural assets. There are also hard assets. South Carolina has people with skills, with strengths, that are viable to local economies."

Even though the communities that Mapp and Mazyck serve are those that have historically been excluded from wealth-building opportunities, they don't always speak about their work with a focus on equity.

"There is a perception of what I would say are Black issues in the South," Mapp noted. "We've had people say to us, 'You've got to make sure that your work doesn't seem like you're just trying to help Black people or you're just trying to help a certain segment of the population.' I think there's an element of the historical context of the legacy of slavery and the role that race has played in the South, but I would say equally so, I think we see some of those same issues around gender as well, if we're focusing on women's issues or women small business owners."

Mazyck also expressed the same challenges of speaking about equity and race in his work, especially when speaking to funders based in the South.

"There's still a lot of guilt and defensiveness that exist around the reason and the cause of the inequality that exists. I'm still trying to make the case to national funders to support this work, I just use different language," he shared. "I don't say anything about 'poverty' in the traditional way. I talk about 'low wealth' or 'emerging communities.' I use those terms as opposed to 'poor communities.' Some of that follows the political lines, because since the South is still a conservatively dominated political community, a lot of funders follow that lead."

For organizations like SCCLF and SCACED, funders have an important role in increasing investments to communities to create long-term and sustainable wealth.

"Community foundations, corporate foundations, they carry a level of cache." Mazyck noted the influence that can leverage more investments: "Foundations and philanthropy of course play a critical role in the investment, and they have political capital they can use to bring other stakeholders to the table. They can convene stakeholders in order to attract them to the long-term project."

However, before they begin, funders should expand the scope of their funding. Even if foundations fund specific issues, they can still play a part in broader systemic change, said Mapp.

"There's a number of foundations that say 'We only lend for these three things: education, the arts, environment,' whatever their thing is. Have they thought about on the investment side, can they only invest in those same narrow areas?" asked Mapp. "Right now their money is in the stock market, and are they just investing in stocks in those four areas? Or are they broadly investing in stocks? So I think there's a potential opportunity for a foundation that says 'We only give to the arts' to think about 'Yes, your giving is just for the arts, but could you potentially invest some capital so that we can help develop some housing targeted towards artists,' for example?"

It has been challenging for many community economic development organizations in the South to secure funding for their work. But when community economic development is truly community-led, it is a high-leverage, high-impact tool for equity. The Mary Reynolds Babcock Foundation is among the group of foundations that understand that.

Photo by JonathanLamb. Used under Creative Commons license: https://creativecommons.org/licenses/by/3.0/legalcode

LAVASTIAN GLENN

PROGRAM DIRECTOR

Mary Reynolds Babcock Foundation

“South Carolina, like many other states, has a particular approach to governance that prides itself on smaller government that does not invest in local communities, not to mention the legacy of overt and structural racism,” explained Glenn. “What [Mazyck, Mapp and their peers] have been able to do is create an infrastructure that stands outside of, and is parallel to, the mainstream. When we go to a [community economic development] conference and see 250 people from around the state, the majority of whom are African Americans and people of color, we know they have created that for themselves. They have created a network of community-development entities, working to improve the conditions of people living in their communities.”

> *If your understanding does not contain an equity lens, then places like the Deep South lose out every time. There is something inherently unjust about that.*

When we asked grantee organizations to name a funder – Southern or not – with whom they had an enriching, equitable relationship, almost without exception the Mary Reynolds Babcock Foundation (MRBF) was mentioned. The Babcock Foundation’s emphasis on multi-strategy, networked, place-based capacity building in the parts of the South with some of most entrenched poverty has earned it a reputation for effectiveness and flexibility.

“We think about capacity in three ways: One, leadership capacity, an individual or body of individuals with a set of skills and knowledge base necessary to think strategically about complex issues in complex places with complex histories; two, organizational capacity, the ability to develop strategy, programming and institutional commitment to drive change in low-income communities over time; and three, network capacity, an ecosystem of organizations with formal and informal relationships working in ways that are reinforcing, supportive, aligned and at times, coordinated,” Glenn said.

Through this approach, the Babcock Foundation drives equitable change throughout the South.

“Having more organizations led by people of color, including women, and low-wealth people are indicators of growing capacity in the region,” she said. “Having leaders who have a racial justice or equity lens to their work is also critical to achieving the goal of a more equitable South. Growing institutional partners who have an equity agenda or equity lens will also lead to larger scale changes in the region.

“These institutions control millions in resources and make decisions that impact quality of life for every resident especially residents with modest means. Having grantee partners who work with larger institutions to leverage public and private investments is also critical to driving equity in the region.”

In Eastern Kentucky, in the Lowcountry and across the South, the Babcock Foundation engages deeply with leading community economic development organizations as part of a regional strategy to "move people and places out of poverty."

"Babcock looks to fund [community economic development] efforts that offer an alternative to the status quo or look to improve and change the way other institutional partners engage with and allocate resources to low-income communities," said Glenn.

"Unlike traditional economic development carried out by local governments and private sector interests without accountability to local people and communities, Babcock sees community economic development as efforts led by and accountable to low to moderate income people as having great potential for structural change. [Community economic development] provides local people the opportunity to address economic and systems inequality by creating alternative solutions to address the need for high quality, energy efficient housing, good jobs and stronger neighborhoods.

"It's interesting how we all know what makes a great neighborhood or community and yet communities that are populated by people with lower incomes or people of color are systematically denied access to those resources that make a difference."

The Babcock Foundation recognizes, like its local funder partners in Appalachia and the Lowcountry, that truly community-led economic development is a tool for systemic change, especially in the South.

"We believe that local people who live in communities and struggle have the ability to lead change work and develop strategies that work if we stood with them by providing support," Glenn said. "We learned in the early days that justice for Southern people and communities meant having access to clean water and air, having access to high quality affordable housing, having access to a good, safe job that didn't force one to choose between protecting your personal health and the health of the environment.

"We learned that many communities in our region were being starved to death by lack of public and private investments, while at the same time, what natural resources and assets held by low-income people and communities were being stolen, extracted and exploited, trapping many communities and their people in poverty for decades. We also learned that institutional racism, classism and sexism are all bound together and act in different ways as barriers to progress in South Carolina and the region more broadly.

"There are barriers to funding for organizations who center African American people and their issues in their work, who have a power building approach and who have leadership who are African American, specifically. It is this same structural racism and bias that led local community leaders to create an alternative vehicle for addressing community issues and leading change in places across South Carolina."

The Babcock Foundation has responded to the priorities articulated by the community economic development grantee partners and implemented innovative support strategies.

"Beyond the traditional grant, MRBF has developed a mission investing program in addition to our grantmaking, which supports primarily loan funds and CDFIs that make loans for the creation of affordable housing, micro and small businesses and community facilities (childcare centers, grocery stores, et cetera)," she said.

"We started out with a grantmaking relationship with these organizations, and as they matured we transitioned to making a Program Related Investment (PRI). A PRI is a below market rate investment made to a CDFI at 1-2 percent, and this investment is re-lent to partners or entrepreneurs at a higher rate that's fair and not predatory. The interest paid back is used to support the operations of the organization while the principal is re-lent in a revolving loan pool."

Beyond PRIs, the Babcock Foundation has also increased the capacity and leveraged additional capital credit for the region.

"MRBF has partnered with national leaders in the field of community development to provide training and technical assistance to grantee partners to increase organizational capacity," Glenn said. "For example, we partnered with the Opportunity Finance Network (OFN) and the Federal Reserve Bank of Richmond to raise awareness and support for growing CDFI capacity in the region. This work included giving our grantee partners and their board members access to training and technical resources."

The Babcock Foundation doesn't rest on its reputation, either. They are leaders among a cohort of Southern foundations that work hard to convene other funders and share what they've learned in their decades of investing in building the capacity of the Southern nonprofit ecosystem.

"One of the things we've learned by engaging in networks is the need and value of creating a platform for funders to learn and work together in place," she said. "These funder networks are becoming safe places for national and regional funders to ask questions and test investment strategies with the support of regional and local partners. We are learning the importance of integrating an equity lens early on in the process of organizing funders. This seems to be a way to focus efforts and resources to communities who have the greatest needs but also to focus the work on strategies that seek systemic and deep change that results in better outcomes for low-income families and their communities as a whole …

"We need to prioritize helping foundations and stakeholders to reframe what progress looks like. If your understanding does not contain an equity lens, then places like the Deep South lose out every time. There is something inherently unjust about that. That is an outside-the-box opportunity we have in philanthropy; we need to show up in places that on paper look like they can't add up but need help nonetheless."

THE BOTTOM LINE

The South's economic history is dominated by extractive industry, artificially cheap labor, unbridled economic development, and exploitation of the region's human and natural resources.

As different as the region's mountain hollers and Sea Islands may seem demographically, politically and economically, they share this history. The fate of Appalachian coal miners and Lowcountry farmers is linked.

And as nonprofit and community leaders in the Lowcountry and in Appalachia understand, dramatic economic transition for many Southern communities is underway. Community-led economic development organizations are breaking down barriers to access to wealth-building tools for historically excluded Southern communities. They are changing the narrative about the region's economic past and future. They are capitalizing on the South's rich assets: its people, its land and its culture.

With increased philanthropic engagement to capitalize on assets that already exist and build assets where they are needed, Southern communities can successfully transition to new economies built around equity and inclusion.

PRACTICAL TIPS FOR FOUNDATIONS AND DONORS

Based on conversations with nonprofit and community leaders across the South, there are some philanthropic approaches to funding community economic development that are more likely to succeed, and some that are counter-productive in the long run.

DO's:

1. DO understand the long-shared past of Southern communities and their long-term vision for their shared future.

The history of inequitable economic development and exploitation in the South is long. It will take sustained thoughtful investment for decades, not years, in order to begin building a new future. Funders need only listen to their grantee partners to know that short-term investments often mean low-impact investments.

2. DO bring the full range of your financial resources to bear on investments in Southern community economic development.

For funders to play a role in jump-starting a new economic future in Southern communities, they will need to embrace outside-the-box practices. In addition to grants, consider methods like program and/or mission related investments, funding revolving loan funds and of course funding the operating expenses of community economic development organizations. As always, asking grantee partners what is most needed is the best way to discern effective new practices.

3. DO invest in the diversity of community assets present in any Southern community.

Community assets go well beyond real estate, hard skills or mineral resources. If funders take the time to explore community assets with grantee partners, they'll learn that in some communities, music, art, food and artisan work are often promising assets worth investment too. In Southern communities with environmental and cultural assets, community economic development strategies are also integral facets of grantmaking strategies that seek environmental sustainability and women's economic security.

PRACTICAL TIPS FOR FOUNDATIONS AND DONORS

DON'Ts

1. DON'T invest in community economic development that does not include meaningful community representation.

Without the "community" in "community economic development," some community members are bound to be left out of an economic transition process and left behind. Funders have a role to play in ensuring their grantee partners represent those most affected by income, gender and race inequality, and that they have practices and processes in place that collect rich, honest community input frequently.

2. DON'T underestimate the structural change potential in community economic development.

Often philanthropic leaders think of community economic development as building new apartments or a job training center. Foundations that prioritize structural change may overlook community economic development strategies because of a misperception that they reinforce rather than disrupt systemic inequities that arise from our capitalist economy. But when community economic development is approached with the intention of increasing access to financial tools, housing, healthy food or sustainable agriculture for communities that historically been excluded, they can and should be part of a structural change grantmaking framework.

National funders seeking alternative economic models will find them in the Southern community economic development ecosystem. And Southern funders concerned about integrating marginalized communities into the economic mainstream of burgeoning Southern economies need to consider the valuable increase in access that comes with community-controlled economic development.

3. DON'T write off Southern grantee partners because of capacity needs.

Community economic development initiatives that are truly community-controlled often start at the grassroots, with little or no formalized 501(c)3 capacity. If foundations write off these organizations and community leaders, they miss a chance to nurture organic structural change infrastructure. Consider instead the ways investing in such grassroots community economic development organizations can leverage small capacity-building grants into much larger public and private investments in marginalized communities.

GETTING STARTED

Are you ready to invest in equitable community economic development in the South? Here is a quick guide that applies the Do's and Don'ts and suggests resources in the region.

UNDERSTAND STRUCTURAL INEQUITY AND ITS RELATIONSHIP TO ECONOMIC EXCLUSION AND EXPLOITATION IN THE SOUTH.

HOW TO START

- Invest in data that describe the state of poverty in terms of race, gender, geography, sexual identity, immigration status and other factors.
- Lean in to challenging conversations about the real and perceived harm done to Southern communities.
- Consider in what ways Southerners, Americans across the country and our chosen leaders have harmed Southern communities – in what we have done and in what we have not done.
- Be curious – ask questions and seek complicated answers.

WHO CAN HELP

- Institute for Southern Studies
- MDC
- Local colleges and universities
- Historians
- Local community economic justice organizations and elders
- State and labor organizations, NAACPs and other advocacy organizations

EMBRACE AN INCLUSIVE, OPTIMISTIC AND PRAGMATIC NARRATIVE ABOUT THE LINKED FATE OF SOUTHERN COMMUNITIES, THE NATIONAL ECONOMY AND THE PROSPEROUS FUTURE AHEAD.

HOW TO START

- Be physically present as often as possible, and leave assumptions behind so that you can be emotionally and mentally present, too.
- Leave space for creative expression and storytelling as you listen and learn from Southern leaders.
- Seek out cross-regional relationships and collaborations where information exchange can lead to more nuanced and broader understanding.

WHO CAN HELP

- Artists and storytellers
- Local philanthropic leaders
- Youth leaders
- Center for Rural Strategies
- Appalachia Funders Network
- Appalachian Regional Commission
- Coastal Community Foundation of South Carolina
- Highlander Research and Education Center
- Partnership for Southern Equity
- Southern Movement Assembly

CONSIDER THE WAYS COMMUNITY ECONOMIC DEVELOPMENT - GROUNDED IN EQUITY AND AN INCLUSIVE NARRATIVE - IS A PROMISING TOOL FOR SYSTEMIC CHANGE IN THE SOUTH.

HOW TO START

- Learn from funders who are already leading in this space.
- Rethink risk as you consider experimenting with new grantmaking strategies and methods: Whose risk is it, really?
- Ask questions about access, history, community representation and underlying causes of poverty to better track the impacts of a community economic development investment strategy.

WHO CAN HELP

- Mary Reynolds Babcock Foundation
- Opportunity Finance Network
- State and local community economic development roundtables

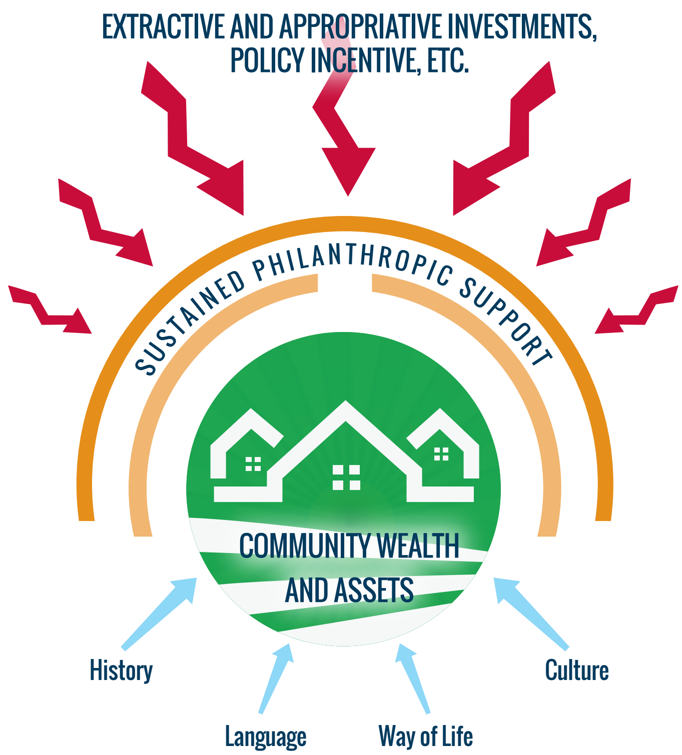
MAKE LONG-TERM, FLEXIBLE COMMITMENTS OF CAPITAL, TIME AND CAPACITY

Photo by Timothy Brown. Used under Creative Commons license: https://creativecommons.org/licenses/by/2.0/legalcode

WHAT'S NEXT?

After building collective power, protecting assets and building wealth that is community-driven and that makes communities more investable in the future for equitable change in the South, philanthropy plays an important role in recognizing and investing in existing assets, and strengthening the institutions and networks that can protect those assets. But these communities and institutions need sustained philanthropic support, so the assets and wealth can be protected against political and environmental shocks.

How can foundations and donors help communities build a sustainable infrastructure, so they remain resilient against political and environmental shifts? Find out in the next report in the *As the South Grows* series, when we explore how communities face backlash and build resilience in Eastern North Carolina and the Louisiana Gulf Coast.



APPENDIX A: METHODOLOGY

NCRP and GSP's goal in this research was to collect and elevate the voices of nonprofit and community leaders across the South who represent great potential for positive progress in their communities but who have to date been passed over by most philanthropists. To that end, we embarked on a wide-sweeping interview process with grantmakers, grantees and community leaders that generated rich, nuanced qualitative data that we will synthesize and present in context in the reports to follow.

Because of finite capacity and time, we chose to focus on eight "sub-regions" within the South that we believed would produce representative, diverse, relevant, timely, compelling stories about the opportunities of working for equity across the South. Our advisory committee members guided the choice of sub-regions. The sub-regions include some that have historically seen very little philanthropic investment, and some that have lately seen a marked increase in philanthropic investment. Together they reflect the geographic and demographic diversity that exists in the South. They include coastal wetlands, fertile farmland, rugged mountains, small towns and big cities. Many of them represent large clusters of what the USDA labels "persistently poor" counties, but they also include the wealthy enclaves of Atlanta and Charleston.

We began by studying Foundation Center grantmaking data in each sub-region. We investigated two types of grantmaking: Grants that benefit underserved and marginalized communities, broadly defined, and grants for systemic change strategies. These grant categories are not mutually exclusive, and they did not represent all or even most of the total grantmaking in a given region. But together they were our starting point for exploring the philanthropic ecosystem in each region.

Populations

- ***African Americans***
- ***Youth***
- ***Economically Disadvantaged People***
- ***Immigrants***
- ***LGBTQ People***
- ***Women and Girls***

Strategies

- ***Capacity-building***
- ***Community Economic Development***
- ***Policy, Advocacy and Systems Reform***
- ***Community Organizing***

With this data, we began identifying "hubs" of both grantmakers and grantees that were central to each sub-region's philanthropic ecosystem. These hubs became the first in a snowballing outreach and interview process in each sub-region. "Hub" interviews led us naturally to other key actors in each sub-region's ecosystem – especially to those organizations and community leaders working in and for underserved communities and systemic change outcomes. Our outreach and interview process generated at least five, and as many as 13, interviews in each sub-region; including at least two each from funders and grantees working in that sub-region. All told, our interview process captured:

- ***5 corporate foundations***
- ***7 national foundations***
- ***15 Southern independent foundations***
- ***16 Southern community foundations***
- ***39 grantees and other community organizations***

The interviews themselves were intentionally conversational in order to encourage participants to tell stories and to speak about issues most pressing for them, not issues the interviewer thought were most pressing. Each interview covered – in broad terms – these subjects: equity, capacity, challenges, grantee-funder relationships, funding opportunities and vision. All interview transcripts were coded for common themes and analyzed for cross-region similarities and differences.

These findings were presented at four focus groups, one each in Selma, Alabama; Charleston, South Carolina; Atlanta, Georgia; and Hindman, Kentucky. Each focus group included representatives from grantees and other community organizations from the surrounding area, including some who had been interviewed previously and some who had not. The focus groups gave input on the findings, helping us hone them for accuracy, concision and clarity. Ultimately they were synthesized into a cohesive framework of recommendations for national and Southern funders to better engage in equity work in the South.

CONNECT WITH US

ncrp
National Committee for Responsive Philanthropy

1900 L ST NW, SUITE 825
WASHINGTON, D.C. 20036
(202) 387-9177 • INFO@NCRP.ORG
WWW.NCRP.ORG

@NCRP

/NCRPCOMMUNITY

GRANTMAKERS FOR SOUTHERN PROGRESS

(404) 919-6477
LATOSHA@NFG.ORG

@SOUTHERNGRANTS

/SOUTHERNGRANTS