

By Us, For Us

Growing a Community Investment Ecosystem in Central Appalachia

Recommendations

Strengthening a Community Investment Ecosystem: Recommendations for the Field

In its most powerful form, community investment should transform and empower marginalized and under-resourced regions by getting impact capital to the communities where it is needed most. Yet, these regions are often seen as too difficult or daunting to work in, and investment efforts often flow toward what appear to be smoother paths to success.

Central Appalachia's journey toward a strong, responsive community investment ecosystem was shaped by the people, organizations, history, and economic circumstances unique to the region. By sharing our story, we hope that other communities can learn from our experience and shorten their own learning curves in assessing and strengthening their ecosystems. In particular, we hope the factors that contributed to Central Appalachia's success can guide other under-resourced communities seeking to address structural inequities and advance widely shared economic opportunity. We have included specific recommendations for funders to consider in their strategies for supporting and empowering community-rooted organizations and networks to forge their own community investment paths:



1. Prioritize self-determination. What differentiates a community investment ecosystem from any other investment ecosystem is the central role of community residents, particularly those most affected by the inequities perpetuated by the current system. Whenever possible, use a bottom-up process to engage grassroots participants and locally rooted organizations to develop the vision, articulate values, identify goals and strategies, and ensure accountability in both process and impacts. Funders should consider providing as much flexibility as possible to allow for locally determined priorities and adaptation along the way.



2. Keep equity at the center. Community investment is a response to inequitable systems and unjust impacts. To avoid perpetuating the same outcomes, it is critical to explicitly and repeatedly affirm a commitment to equity, justice, and inclusivity in both process and outcomes. Formalizing inclusivity in governance structures and decision-making processes helps ensure accountability to community voice. And while signaling a focus on equity is a first step, new initiatives and entities need concrete impact goals and assessment tools to ensure that they're contributing to leveling the systems that community investment is meant to shift. Funders can help maintain this focus by helping to pay for this slow, complex work.



3. Cultivate shared analysis. Community investment is a response to inequitable systems and unjust impacts. To avoid perpetuating the same outcomes, it is critical to explicitly and repeatedly affirm a commitment to equity, justice, and inclusivity in both process and outcomes. Formalizing inclusivity in governance structures and decision-making processes helps ensure accountability to community voice. And while signaling a focus on equity is a first step, new initiatives and entities need concrete impact goals and assessment tools to ensure that they're contributing to leveling the systems that community investment is meant to shift. Funders can help maintain this focus by helping to pay for this slow, complex work.



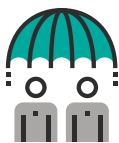
4. Build collective impact networks. Developing a shared analysis helps build deeper, more trusting relationships among partners. With time, trust, coordination, and funding, peer groups can develop platforms that allow them to share expertise, test strategies, measure impact, and ultimately collaborate at a scale that is beyond the capacity of any individual organization. Funders should consider supporting networks, including coordination functions and the capacity of individual organizations to participate in collective impact strategies.



5. Encourage cross-sector partnerships. As the ecosystem matures, actors in peer groups can identify other categories of actors (community economic development, philanthropy, finance, etc.) with shared interests and build relationships across sectors. This allows each category of actors to apply their unique resources and capacities to the relevant part of the investment ecosystem (capital supply, capital demand, intermediaries, coordination). Funders can be critical allies and amplify their financial resources by collaborating with other ecosystem actors.



6. Expand technical capacity. An effective community investment ecosystem requires technical infrastructure to move capital, including at the individual, organizational, and financial product levels. In low-wealth regions, it is critical to build upon existing resources and high-capacity organizations (do not reinvent the wheel), while also spreading knowledge and skills related to finance, impact investing, business development, and specific industries. Tactics include providing inclusive trainings, supporting skill sharing, resourcing anchor intermediaries, piloting new financial tools and products, and creating new capacities or functions when necessary.



7. Support community capacity. Grassroots leaders and the residents they represent bring local knowledge and lived experience that are invaluable to understanding and addressing economic challenges and opportunities. In order to truly engage and benefit from this wisdom, ecosystem partners must invest in the soft skills of community leadership and capacity, then elevate those voices through participatory processes. This requires intentionality and resources from the outset and should be permanently embedded in the ecosystem. Funders often focus on technical capacity but must also invest in community capacity to ensure that local leadership is engaged at every stage.

About This Project

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