

The Wealth Creation Approach: An Introduction

What is the wealth creation approach, and why are we using it?

The Wealth Creation in Rural Communities Initiative is a project of the Ford Foundation. Wealth creation is designed to be “a systems approach to rural development that can restore, create and maintain wealth in low-wealth rural areas by improving economies, the environment, and social conditions at the same time” (from Wealth Creation in Rural Communities: A New Approach by Yellow Wood Associates.)

The Central Appalachian Network (CAN) has adopted the wealth creation framework for our work with local food systems in Central Appalachia because we agree that development efforts which focus on one type of wealth (like bringing in more money by creating jobs) without keeping in mind the other kinds of wealth (like Health) often have negative impacts on rural communities in the long run. We want to promote development that lifts up the whole system by working to create multiple forms of wealth.

What are the different forms of wealth?

There are seven forms of wealth included in the wealth creation framework. They are:

- **Intellectual capital:** knowledge, creativity, and innovation
- **Social capital:** trust, relationships, and networks
- **Individual capital:** skills, physical health, and mental health
- **Natural capital:** environmental assets and natural resources
- **Built capital:** infrastructure, like roads, equipment, and tools
- **Political capital:** power or influence that can be used to achieve goals
- **Financial capital:** money and investment

How is CAN using the Wealth Creation approach in our work?

CAN is using the wealth creation approach in **assessment, planning** and **evaluation** of our work in Central Appalachia.

As we **assess** the value chain in each sub-region, thinking about each form of wealth can help us know how to best support the local foods work that is already happening. For example, one sub-region might have high levels of **intellectual capital** if there are many highly skilled farmers there, but low levels of **built capital** if there is not enough infrastructure in place to process and distribute their products.

As we **plan** future CAN activities, events, and grants, we are conscious of the forms of wealth we are trying to create. For example, a training event on season extension methods might increase the **intellectual capital** and **individual capital** of the participants by giving them new knowledge and skills. By thinking about the wealth creation approach, however, we realize that we can also use the training as an opportunity to increase the **social capital** of the group by helping participants develop deeper relationships or connect younger growers with more experienced farmers for peer support and mentoring.

As we **evaluate** our work, we look at the ways in which the seven forms of wealth have changed each year. For example, if we work with producers to increase their production and sales, they should report that they have increased income and are becoming more financially stable (**financial capital**). If we work with restaurants and grocery stores to help them buy more local, sustainably-grown products, the environment of the region (**natural capital**) will be better protected.