

Community Development across Borders: How International Development Policy and Practice Can Inform U.S. Rural Policy

TONY PIPA

Senior Fellow
Brookings Institution

NATALIE GEISMAR

Senior Project Coordinator and Policy Analyst
Brookings Institution

The views expressed in this article are those of the individual author/authors and do not represent the views of or an endorsement by the Federal Reserve Bank of St. Louis, the Federal Reserve Board of Governors, or the Federal Reserve System.

Introduction

Applying the precepts associated with international development to the challenges experienced by rural communities in the U.S. may appear, at first glance, to have limited utility. U.S. rural communities exist within a country that by itself comprises almost one quarter of global gross domestic product (GDP)¹—the same share as the lowest 178 countries combined. Even in the most distressed communities, residents generally maintain a higher level of well-being² than the deprivation experienced by the world's extremely poor.³ Local leaders and practitioners who work to advance rural development often feel misunderstood or unheeded by policymakers and put up with disadvantageous eligibility requirements and low levels of philanthropic support.⁴ Using the tenets of international development as inspiration for improving outcomes in rural America runs the risk of being perceived as adding insult to injury.

Yet the principles, approaches and lessons that undergird international development theory and practice are relevant in many aspects. The discipline is inherently place-based and malleable to a wide array of historical, political and cultural contexts. Its attentiveness to understanding power dynamics, strengthening local governance and leadership, and elevating the dignity of communities and people has been a catalyst for modernizing development strategies and program design. And its focus on achieving measurable results and calculating its return on investment has helped build a bipartisan consensus of the importance of federal leadership and investment.

This chapter scans the state of the art of international development, exploring where the basics of the discipline may offer valuable insights for improving policy and practice to accelerate community and economic development in U.S. rural communities. It then lays out several key issues whereby lessons from the international experience may prove fruitful for provoking new thinking, suggesting a research agenda on which development experts from the domestic and international arenas can collaborate.

International Development Principles and Practice

Modern-day development cooperation has its roots in the Marshall Plan,⁵ the package of economic and humanitarian assistance provided by the United States to Europe in the aftermath of World War II. This means that the basis for international development practice stems from an effort to help former high-income economies renew themselves after the devastation of war.

The Marshall Plan emphasized the importance of local leadership and ownership as the bedrocks of renewal. The receiving European countries were required to negotiate a mutually agreed-upon financial proposal, then formulate a plan and create a new institution to channel and manage the funds. The scale of the financing was substantial: The United States provided \$13.3 billion over four years, or about \$140 billion in 2017 dollars.⁶ Technical assistance was a major component, and it is generally acknowledged that its effect was significant.

Subsequent to their recovery, the countries that benefited from the Marshall Plan transitioned to become donors. These countries now comprise the core group that provide economic and humanitarian assistance in low-income countries. This piece of history is meaningful to a discussion exploring the relevance of international development to rural development in the U.S. because it highlights how current global practice has its roots in the renewal of economies and societies that were part of highly developed countries. As a collective, these countries—now members of a club of donors under the auspices of the Organization for Economic Cooperation and Development (OCED) Development Assistance Committee—work together to refine the practice of providing financial assistance to reduce poverty, generate economic growth and lift the well-being of countries, communities and individuals.

The objectives, methods and impact of this development assistance have evolved significantly over the past two decades. These changes have been motivated by an imperative to reform paternalistic frameworks and improve the effectiveness of the money invested in order to set a course for receiving countries and communities to transition to a level of growth and self-sufficiency that makes obsolete the necessity for aid.

This evolution has been the product of an international discourse, which has political dimensions but is also grounded in scientific inquiry and

sociological and economic theory. Initiatives like the World Bank's Voices of the Poor⁷ campaign built momentum to recognize the importance of self-determination for communities. Ultimately "The Paris Declaration on Aid Effectiveness" (2005),⁸ negotiated among investing and receiving countries, resulted in a set of principles that puts recipients in the lead of defining priorities and proposed solutions, echoing the approach so successful during the Marshall Plan. An emphasis on maximizing and measuring results has been instrumental in adapting science- and data-based methodologies from other disciplines, increasing the focus on quantifying the impact of investments and using evidence to inform proposed interventions.

These principles provide an internationally accepted basis for shaping development policy and practice, setting a common vision for how development occurs and elevating rigor and accountability. They have also led to ambitious, quantifiable goals to mobilize action and assess progress. In 2000, the United Nations' Millennium Development Goals (MDGs) set specific global targets for reducing poverty, hunger and the incidence of mortality and disease, helping standardize metrics and priorities to achieve progress by 2015.

While not all the MDG targets—which were primarily directed toward developing countries—were achieved, they were generally seen as important and influential in accelerating progress on many fronts. Upon the expiration of the MDGs in 2015, a report launched by U.N. Secretary-General Ban Ki-moon called them the "most successful anti-poverty movement in

The Paris Declaration on Aid Effectiveness: Five Principles for Smart Aid

Ownership

- Developing countries set their own development strategies, improve their institutions and tackle corruption.

Alignment

- Donor countries and organizations bring their support in line with these strategies and use local systems.

Harmonization

- Donor countries and organizations coordinate their actions, simplify procedures and share information to avoid duplication.

Managing for Results

- Developing countries and donors focus on producing—and measuring—results.

Mutual Accountability

- Donors and developing countries are accountable for development results.

SOURCE: OECD.

history.⁹ They have since given way to a more holistic vision of sustainable development applicable to all countries (the U.S. included), reflected in the Sustainable Development Goals (SDGs). The SDGs retain the use of time-bound, measurable outcomes, but emphasize the interconnectedness of issues across social, economic and environmental considerations, and encourage system-level interventions to solve multiple problems at once.

The evolution in the field—from agreement on core principles of development effectiveness, to a focus on results, to the use of goals and public metrics of progress—is reflected in a series of reforms and new initiatives by the U.S. government over the past two decades. For example, high-profile Presidential Initiatives—such as the President’s Emergency Plan for AIDS Relief (PEPFAR), launched by the George W. Bush administration to respond to the HIV/AIDS crisis, and Feed the Future, launched by the Obama administration to reduce food insecurity, both of which are ongoing—set quantifiable targets, collect data to evaluate the effectiveness of programs and transparently publish measures of progress.

Today the public can visit PEPFAR’s data dashboard¹⁰ to see program results by the numbers, compare outcomes to targets and access five years of individual program evaluations. United States Agency for International Development (USAID) requires evaluations of each of its investments, all captured in a public online library (Development Experience Clearinghouse).¹¹ Nothing similar exists for domestic programs and policies.

The emphasis on targets and metrics has enabled U.S. agencies to mobilize with powerful nimbleness and adaptability. In 2012, when it became clear that the MDG target for reducing preventable child deaths would not be met, the U.S. government analyzed the underlying data to identify the major burden. As a result, the U.S. collaborated with India and Ethiopia, two of the countries with the most severe burden, to launch a Child Survival Call to Action.¹² The initiative brings together more than 100 partners from the private sector, civil society and faith-based organizations to accelerate progress on this important issue. The U.S. shifted its own strategy to double down on investments in 24 countries that, together, accounted for 80% of the deaths of children under 5 years old, scaling up access to assistance for underserved populations and addressing priority causes that accounted for nearly 60% of deaths. Over the next two years, these changes saved an additional 500,000 lives.¹³

Relevance to Community and Economic Development Policy in the U.S.

The intellectual and policy energy that undergirds the science of global development, with its emphasis on agreed-upon principles, methodologies and quantifiable benchmarks and metrics, may seem abstract. Community and economic development practitioners in the U.S. have certainly sought to design and refine models to be successful in the context of the communities they seek to benefit, from asset-based community development, to comprehensive neighborhood-based initiatives, to collective impact. Different stakeholders have defined their own sets of principles to reflect what works, based on their experiences; one example is the principles that are the basis of “America’s Rural Opportunity,”¹⁴ published by the Rural Development Innovation Group,¹⁵ a network of influential practitioners working in rural communities across the U.S.

Yet the shifts in the global development field have wide acceptance and applicability because of their co-creation by governments, philanthropies, practitioners and communities alike, and their direct influence on policy. There is not an analogous theory of change that enjoys such a widespread embrace when it comes to deploying financial and intellectual resources for U.S. community and economic development.

Imagine using a similar mindset to address the rural broadband gap in the U.S., in which 22.3% of Americans in rural areas and 27.7% of those on tribal lands lack access to high-speed internet,¹⁶ compared to 1.5% of those in urban areas. It might take the form of a public “moon shot”—a goal and subsequent call to action by the president and U.S. government—to close the gap within five years. Setting such a goal could accelerate the necessary improvements in accuracy of federal data, to better identify where and why access is limited; could provide the basis for a whole-of-government strategy that breaks down silos among different agencies working on this issue, clarifying who is in charge and who should address regulatory and other barriers; and could develop public-private alliances and alternative ownership models that prioritize development outcomes over market considerations.

Microsoft has made such a five-year goal the centerpiece of its Airband Initiative,¹⁷ part of its corporate social responsibility commitments. Yet the federal government has significantly more reach and power to mobilize

effective action, especially given the importance of federal government policy to this issue. An easily accessible and verifiable map of U.S. broadband coverage, regularly updated to show progress—or lack thereof—toward this five-year goal, would serve as both an accountability and motivational tool for progress.

Indeed, it would be a major step for the U.S. government to put forward a national strategy that lays out a coherent vision for rural development. Our recent analysis found more than 400 programs available to rural communities for their development across 13 departments, 10 independent agencies, and over 50 offices and subagencies.¹⁸ A rural strategy could provide guidance to improve coherence and impact—by setting clear direction on the principles that are fundamental to rural development; prioritizing top national policies; establishing clear, time-bound targets on expected community-level outcomes; and detailing associated milestones and metrics—while strengthening interagency coordination and facilitating alignment with state and local authorities.

Local Ownership

One of the key tenets of modern international development theory and practice is supporting locally led solutions to development problems. The principles of development effectiveness in the Paris Declaration (and affirmed by follow-up summits in Accra, Ghana, and Busan, South Korea) reinforce the importance of ownership of development priorities by recipients. U.S. policy embraced this principle to such an extent that in 2010 USAID made a public commitment that within five years, it would triple the amount of funds going directly to local governments and civil society organizations.¹⁹

The drive to strengthen local systems and local ownership also grew from the recognition that exporting U.S. approaches to foreign contexts, and attempting to implement top-down approaches without local participation, was both ineffective and problematic. A baseline for international development policy is to invest in local institutions and local leadership, to build their capacity and support the priorities and solutions that they define.

Given the demographic and economic diversity of rural America, and the capacity needs in many of its distressed places, this strikes us as a particularly useful principle around which to build U.S. rural development policy.

Places in rural America have a rich sense of community and identity. They are often wary of federal government approaches to development; a recent survey²⁰ of more than 7,000 rural Americans revealed that two-thirds felt that the U.S. Department of Agriculture (USDA) programs often benefit big corporations and farms rather than rural communities.²¹ Policies that aim to assemble a constellation of resources that allow rural communities to leverage and retain control of the benefits generated by their assets will build trust and momentum.

Attention to local power dynamics and context is critical, especially in rural Native American communities that retain sovereignty and place a high value on cultural preservation.

A Robust Agenda

The importance of place, the attentiveness to supporting local leadership, the sensitivity to power dynamics, the emphasis on measuring results, and increasing transparency and accountability: these commonalities showcase how the processes that define the field of international development may be usefully applied to improve rural development policy and practice in the U.S.

Simply acknowledging that the experience and expertise of those working in international development could help advance the field domestically would be a major step forward, and could lead to many useful lines of substantive inquiry. We point to several that seem underexplored but suggest real relevance to today's rural realities:

- **The “resource curse”:** A key strain²² of development economics focuses on the unintended financial, social, environmental and economic consequences that can lead countries rich in mineral and energy resources to perform worse developmentally and economically than their counterparts. Both macroeconomic and governance issues can play a role in this phenomenon. While natural resource booms often bring an influx of wealth and opportunity to U.S. rural communities, they can also negatively affect local government budgets, infrastructure and services, as codifying dependence on these resources into local laws can lead to fiscal austerity.²³ Wealth from extractive industries often becomes concentrated among government and nonlocal stakeholders rather than returning to communities; even when it does return, it can be offset by significant

social, health and environmental consequences. The similarities between the international and domestic contexts may offer an opportunity for relevant insights.

- **Business dynamism:** Small and medium-sized enterprises (SMEs) are a crucial part of nearly all global economies, accounting for approximately 90% of businesses and over 50% of employment worldwide.²⁴ Formal SMEs comprise up to 40% of the GDP in emerging economies, yet large, informal economies make this share much more significant. They are particularly important for small and rural communities and emerging markets. Small business comprises approximately 90% of the businesses in the rural U.S. as well.²⁵ Though rural Americans are more entrepreneurial and see higher five-year survival rates, small-business starts have been declining in rural areas since the Great Recession;²⁶ 33% fewer entrepreneurs operated businesses there in 2018 than in 2008. Several interventions in global development offer promising areas in which the overlap with similar issues in rural America may produce new ideas, including those that seek to unlock access to right-sized financing through the use of public instruments, facilitate market opportunities through connectivity of local value and supply chains, understand the impact of informal economic activities and ensure the orderly transition of family-owned businesses.
- **Human capital:** The advent of the service and knowledge economies has challenged the orthodoxy of using industrialization and the transition from agriculture as the bridge to development in low-income countries, producing new thinking on catalyzing “development without smokestacks.”²⁷ Development professionals have also focused on strategies to promote education and leverage the talents of skilled professionals and entrepreneurs in their places of origin. Rural areas face similar dynamics: They are home to 13% of all U.S. employment and 19% of manufacturing employment, but only 6% of jobs in the information and professional, scientific and technical services sectors. There are likely applicable lessons from the international experience of seeking to improve local systems for developing human capital, recapturing talent that sought training elsewhere and leveraging in-migration.

These are but a sample. There are many areas in which lessons, analysis and experience may offer insights, from rollout of digital technology, to successful health and educational interventions, to access to capital and infrastructure, to energy shifts and conservation. But key among these is a shift in mindset: that development anywhere depends upon strong local leadership, governance, a focus on results backed by evidence and analysis, and a shared common vision among policymakers, practitioners and residents on how policy and public investments can maximize the human, natural and entrepreneurial capital that exists in rural America today.

References

- Aspen Institute. Rural Development Innovation Group. See aspeninstitute.org/programs/community-strategies-group/rural-development-innovation-group-2.
- Center for Rural Strategies (website). See ruralstrategies.org.
- Chandy, Laurence; and Smith, Cory. "How Poor Are America's Poorest? U.S. \$2 a Day Poverty in a Global Context." *Global Views*, Brookings, Global Economy and Development, Policy Paper 2014-03, August 2014. See brookings.edu/wp-content/uploads/2016/06/How-Poor-are-Americas-Poorest.pdf.
- Chandy, Laurence; and Smith, Cory. "U.S. \$2 a Day Poverty in a Global Context: Five Questions Answered." *Up Front*, *Brookings*, Aug. 26, 2014. See brookings.edu/blog/up-front/2014/08/26/u-s-2-a-day-poverty-in-a-global-context-five-questions-answered.
- Deaton, Angus. "The U.S. Can No Longer Hide from Its Deep Poverty Problem." *The New York Times*, Opinion, Jan. 24, 2018. See nytimes.com/2018/01/24/opinion/poverty-united-states.html.
- Federal Communications Commission. *2020 Broadband Deployment Report*. GN Docket No. 19-285, April 24, 2020. See docs.fcc.gov/public/attachments/FCC-20-50A1.pdf.
- Fikri, Kenan. "Policy Responses to the Great Recession Failed Entrepreneurs; We Can't Make That Mistake Again." Economic Innovation Group blog, March 25, 2020. See eig.org/news/lessons-from-the-great-recession.
- Fine, Patrick. "Achieving USAID's 30 Percent Local Spending Goal." *Global Views/U.S. Foreign Aid*, Devex, Nov. 23, 2015. See devex.com/news/achieving-usaid-s-30-percent-local-spending-goal-87325.
- Frankel, Jeffrey. "The Natural Resource Curse: A Survey of Diagnoses and Some Prescriptions." Center for International Development at Harvard University, Working Paper No. 233, April 2012. See hks.harvard.edu/sites/default/files/centers/cid/files/publications/faculty-working-papers/233.pdf.
- Garrett, Amy. "Helping Europe Help Itself: The Marshall Plan." *The Foreign Service Journal*, American Foreign Service Association, January/February 2018. See afsa.org/helping-europe-help-itself-marshall-plan.

- Headwaters Economics. "Testimony of Mark Haggerty, Headwaters Economics, to the Washington State House Finance Committee." Jan. 24, 2019. See headwaterseconomics.org/wp-content/uploads/washington-economy-fiscal-implications.pdf.
- Narayan, Deepa; Patel, Raj; Schafft, Kai; Rademacher, Anne; and Koch-Schulte, Sarah. *Voices of the Poor: Can Anyone Hear Us?* (first in a series of three books). World Bank, 2000. See documents.worldbank.org/curated/en/131441468779067441/Voices-of-the-poor-can-anyone-hear-us.
- Organization for Economic Cooperation and Development. "The Paris Declaration on Aid Effectiveness." 2005. See oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm.
- Page, John. "Industries without Smokestacks: Firm Characteristics and Constraints to Growth." Africa Growth Initiative, Brookings, Working Paper No. 23, Feb. 3, 2020. See brookings.edu/wp-content/uploads/2020/02/BI_Framework_2_200131.pdf.
- Pender, John L. "Foundation Grants to Rural Areas from 2005 to 2010: Trends and Patterns." USDA, Economic Research Service, Economic Information Bulletin No. 141, June 2015. See ers.usda.gov/webdocs/publications/43991/53166_eib141.pdf.
- PEPFAR Panorama Spotlight, U.S. Department of State, Office of the U.S. Global AIDS Coordinator and Health Diplomacy. See data.pepfar.gov.
- Pipa, Anthony F.; and Geismar, Natalie. "Reimagining Rural Policy: Organizing Federal Assistance to Maximize Rural Prosperity." Brookings, Nov. 19, 2020. See brookings.edu/research/reimagining-rural-policy-organizing-federal-assistance-to-maximize-rural-prosperity.
- Rural Development Innovation Group. "America's Rural Opportunity: Renewed Investment in Rural People, Places and Innovation Can Strengthen America's Future." See aspeninstitute.org/wp-content/uploads/2018/03/RDIG-Case-Statement-2018-03-09.pdf.
- RuralOrganizing.org. Battlegrounds Base Sample, July 2020. See actionnetwork.org/user_files/user_files/000/046/452/original/Full_And_State_Polling_Results_from_RuralOrganizing.pdf.
- Smith, Brad. "The Rural Broadband Divide: An Urgent National Problem That We Can Solve." *On the Issues*, Microsoft, Dec. 3, 2018. See blogs.microsoft.com/on-the-issues/2018/12/03/the-rural-broadband-divide-an-urgent-national-problem-that-we-can-solve.
- Tarnoff, Curt. "The Marshall Plan: Design, Accomplishments, and Significance." Congressional Research Service, Report R45079, Jan. 18, 2018. See fas.org/sgp/crs/row/R45079.pdf.
- United Nations. *The Millennium Development Goals Report 2015, Summary*. See un.org/millenniumgoals/2015_MDG_Report/pdf/MDG%202015%20Summary%20web_english.pdf.
- USAID. Development Experience Clearinghouse. See dec.usaid.gov/dec/home/Default.aspx.
- USAID. "Fact Sheet: Call to Action Sets Course to End Preventable Child Deaths." July 10, 2012. See usaid.gov/news-information/news/fact-sheet-call-action-sets-course-end-preventable-child-deaths#:~:text=The%20Call%20to%20Action%20challenged,million%20children's%20lives%20by%202035.
- USAID. "Key Facts." *Acting on the Call: Ending Preventable Child and Maternal Deaths*. See usaid.gov/sites/default/files/documents/1864/KeyFactsActingontheCall.pdf.

World Bank. *DataBank: World Development Indicators*. See databank.worldbank.org/reports.aspx?source=2&series=NY.GDP.MKTP.CD&country.

World Bank. "Small and Medium Enterprises (SMEs) Finance: Improving SMEs' Access to Finance and Finding Innovative Solutions to Unlock Sources of Capital." See worldbank.org/en/topic/smefinance.

Endnotes

- ¹ See Narayan et al.
- ² See Organization for Economic Cooperation and Development.
- ³ See United Nations.
- ⁴ See PEPFAR Panorama Spotlight.
- ⁵ See USAID, Development Experience Clearinghouse.
- ⁶ See USAID, "Fact Sheet."
- ⁷ See USAID, "Key Facts."
- ⁸ See Rural Development Innovation Group.
- ⁹ See Aspen Institute.
- ¹⁰ See Federal Communications Commission.
- ¹¹ See Smith.
- ¹² See Pipa and Geismar.
- ¹³ See Fine.
- ¹⁴ See RuralOrganizing.org.
- ¹⁵ These data come from unpublished research conducted in rural battleground states by the Center for Rural Strategies.
- ¹⁶ See Frankel.
- ¹⁷ See Headwaters Economics.
- ¹⁸ See World Bank, "Small and Medium Enterprises (SMEs) Finance."
- ¹⁹ Authors' analysis of U.S. Census Bureau 2017 County Business Patterns and 2017 Economic Census data.
- ²⁰ See Fikri.
- ²¹ See Page.
- ²² See Frankel.
- ²³ See Headwaters Economics.
- ²⁴ See World Bank, "Small and Medium Enterprises (SMEs) Finance."
- ²⁵ Authors' analysis of U.S. Census Bureau 2017 County Business Patterns and 2017 Economic Census data.
- ²⁶ See Fikri.
- ²⁷ See Page.

