

A Foundation Fosters Deep Relationships to Boost Economic Resilience in Rural Kentucky

By NICOLE WALLACE

FROM DAY ONE, the Foundation for Appalachian Kentucky's goal has been to bring together communities in 26 rural counties to build opportunity and reimagine the economy of a region that has long depended on coal and timber.

The community foundation acts as a hub to catalyze economic development. It forges ties with foundations outside the region and acts as a conduit to help them funnel money into southeastern Kentucky. Locally, it works closely with donors and partner organizations to promote affordable housing, nurture entrepreneurs, and revitalize downtown corridors.

Covid struck a little more than a decade after the foundation started — and leaders knew the progress the foundation had made was at risk.

Within two weeks, the grant maker had relief funds up and running, sending out checks to nonprofits, business owners, and farmers. Altogether, it distributed more than \$1 million in emergency relief last year, a large sum in a region with few grant makers.

The foundation is counting on its deep relationships, fortified by the crises of the past year, to help bolster economic resilience in the region going forward. The stakes are high for rural communities.

But the Foundation for Appalachian Kentucky's work also points to a longstanding national problem — the significant gap in philanthropic money going to rural areas versus urban ones.

"We've neglected these entire swaths of our landscape for so long," says Gerry Roll, executive director of the Foundation for Appalachian Kentucky. "You can't neglect that much of your nation for very long and then expect things to work in our civil discourse the way we want them to work."

Aid to Small Businesses

To distribute money directly to local businesses, the foundation worked closely with partners like Invest 606, a local business accelerator, and the Community and Economic Development Initiative of Kentucky at the University of Kentucky. Leaders from the three groups met once a week in the early months of the pandemic to review applications.

The grants were small — \$600 to \$3,000 — but it was the first assistance that many businesses received.

"It was that 'I believe in you money,'" says Lora Smith, director of the Appalachian Impact Fund at the foundation.

Before the pandemic, the Roundabout Music Company, in Whitesburg, Ky., had sold some records on platforms like eBay, Amazon, and the online music seller Discogs, but it didn't have the ability to sell products on its own website. Getting a \$3,000 grant made a big difference as the store shifted to e-commerce, says Ben Spangler, Roundabout's owner.

"It bought us a couple of weeks that we could just focus on this one task," he says. "It's like, OK, the rent's paid, the bills are paid."

Spangler says government Covid assistance wasn't designed for mom and pop businesses like his. His application for a loan from the Small Business Administration was turned down.

"The definition of what a small business is in a lot of these grants and loans is pretty big," he says. "It could include a local record shop or a local coffee shop. But it's also someplace that employs 100 people."

One big takeaway from the crisis is the need to provide money to small businesses without making them jump through a lot of hoops, says Geoff Marietta, founder of Invest 606.

"You have to build local capacity if you're ever going to disrupt the cycle of poverty," he says.

Too often, rural areas put all their energy into trying to entice a company to set up a factory, which Marietta says does little to develop local talent and leaves the community dependent on outside forces. "You can't just 100 percent rely on large companies — Amazons coming into your community — and suddenly providing 200 jobs."

'Skin in the Game'

Several years ago, leaders at New Profit, an organization that helps social entrepreneurs expand their nonprofits, realized that it was reaching mostly urban areas. It started the Rural and Small Town Action Summit to study the rural philanthropy gap and tapped the Foundation for Appalachian Kentucky as a partner.

Large foundations need to examine their assumptions about rural areas, says Kim Syman, a managing partner at New Profit who oversees its Systemic Solutions Initiative. Rural communities are not monoliths, she says, and there's a lack of appreciation for the caliber of leadership that's already there.

Syman says she's come to believe that supporting rural development hubs is critical to bridging the rural philanthropy gap. Some hubs are community foundations like the Foundation for Appalachian Kentucky, while others are nonprofits, community-development finance institutions, or centers at universities. What they have in common are their deep, trusted relationships in the community, the ability to bring local players together, and a focus on building leadership and capacity.

"It's really easy for funders to kind of get stuck on

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COURTESY OF VISIT HARLAN COUNTY

MAIN STREET

Last year, the Foundation for Appalachian Kentucky provided emergency relief to local businesses, like Sassy Trash, a store in Harlan, Ky., that sells antiques and work by local artists.

“You can’t neglect that much of your nation for very long and then expect things to work in our civil discourse.”

Grant Maker Bolsters Human Connection as a Way to Take on Polarization

By ALEX DANIELS



LILY-ANNE TRAINOR

GROWING TIES
One of Einhorn’s early relationship-building grants was a \$50 million award to establish Engaged Cornell, an effort that brings undergraduates together for community service.

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this question of something being so small or so slow,” Syman says. “There’s actually an opportunity to bring a lot more creativity to bear here, to recognize that there are really powerful examples where catalytic philanthropic commitment can make a massive difference in rural communities and small towns.”

The Foundation for Appalachian Kentucky has started to bring in more dollars from large foundations, including the James Graham Brown Foundation, and it wants to help others invest in the region. But Roll cautions that it’s important to respect local expertise.

“If you really care about the nation and our democracy, this is where you can invest, and as a partner, it can truly make a difference,” she says. “As someone swooping in and trying to tell us what to do, it isn’t going to work.”

Kristin M. Smith, the chef owner of the Wrigley Taproom & Eatery in Corbin, Ky., echoes that sentiment. Smith says that she and other entrepreneurs have grown jaded about outside foundations coming into southeastern Kentucky to try to boost economic development. Very little money trickles down to business owners, she says. It all seems to go to training run by facilitators who don’t understand the challenges local entrepreneurs face.

By contrast, Smith chokes up a little when she talks about the \$3,000 grant her restaurant received from the Foundation for Appalachian Kentucky to respond to Covid.

“What I love about the foundation is the foundation is located in Appalachia. They’ve got skin in the game,” she says. “They’re working shoulder to shoulder with us, and that speaks volumes.”

The need for human connection drives a new strategy that the philanthropy, founded by hedge-fund manager David Einhorn, introduced late last year. In collaboration with other foundations, it is creating a \$100 million fund to support nonprofits that help people who are dug in on opposite sides of an issue see the humanity in their counterparts.

While it has been in the works for a few years, the refreshed plan seems tailor-made for a country that has been rent apart not only by the pandemic but by deep-seated political distrust. Hoos Rothberg says more Americans now recognize that the country is in a “crisis of connection.” Sensing the moment is ripe, Einhorn is inviting foundations to take part in healing divides.

She says foundation peers have long considered Einhorn an “empathy philanthropy.” Rather than focus on improving personal outcomes, like helping more students advance to the next grade in school or improving patients’ health, the approach is dedicated to nurturing relationships between people — even people who seem predisposed to hate each other.

“People inherently need one another to thrive,” Hoos Rothberg says. “We are social beings. We are our best when we have positive, healthy relationships in our lives. Living in a multiethnic, multi-racial democracy, it is absolutely essential that we have healthy relationships with people who are not like us, too.”

‘Feeling Work’

Einhorn historically made large grants to just a few institutions that work closely with the foundation to set up lasting relationship-building programs. For instance, a \$50 million grant in 2014

to Cornell University helped establish Engaged Cornell, an effort that requires every undergraduate to work together on public-service projects.

After the 2016 election, when divisions among Americans grew wider and it became more common to dehumanize political opponents, Einhorn responded by broadening its support. It made grants to 37 organizations working to bridge differences among people and strengthen their capacity for empathy.

Over the past few years, as Einhorn reconsidered its strategy, it decided to largely focus on building the capacity to connect with other people at critical stages of life: helping new mothers bond with their babies and helping members of Generation Z treat people from different backgrounds and viewpoints with respect, and even love.

The support for new mothers and their babies is critical, Hoos Rothberg says, because when people’s lives begin with healthy, nurturing relationships, they can grow up into trusting adults, capable of connecting with others. Another inflection point comes when people reach their teenage years and young adulthood, a time when people are often deeply reflective about their identity and their place in the world.

Grant making designed to help human connections has not been a pillar of most philanthropy, she says.

In both areas, the foundation has led efforts to

create collaborative funds and programs to attract more investment. Einhorn is working with the J.B. and M.K. Pritzker Family Foundation and the Kellogg and Packard foundations to create Pediatrics Supporting Parents, which supports programs that promote the social and emotional health of infants and toddlers. And this month it announced the creation of New Pluralists, a grant-making collaborative that aims to pool \$100 million over 10 years to support efforts to bring people together.

Other foundations involved in New Pluralists include the Fetzer Institute, the Hewlett and Lubetzky foundations, and the Charles Koch Institute. Although all the foundations were involved in creating the fund, they came together at Einhorn’s invitation shortly before the pandemic.

“We cannot act as a single actor if we’re actually going to have success here,” Hoos Rothberg says.

Critical Bonds

In response to the hardening of political views during the Trump presidency, many foundations have thrown support behind structural changes to the democratic process, including efforts to take politics out of how congressional districts are drawn, reduce the role money plays in elections, and eliminate winner-take-all forms of balloting.

New Pluralists would also like to change the national discourse, says Jonathan Lever, chief

operating officer at the Fetzer Institute, but the approach is much different. The group wants to focus on shifting behavior, making cultural change, and helping people recognize the worth of others rather than changing voting laws or other mechanisms of democracy.

“You can do policy all you want, but policy can be reversed with every election cycle,” Lever says. “There has to be a deeper grounding that can anchor a revival of democracy.”

That deeper grounding can be discovered within ourselves, Hoos Rothberg says.

Much of philanthropy has embraced the idea that “systems change” is necessary to reverse years of racism and help people reach their potential. Hoos Rothberg has her sights set on a different system: the autonomic nervous system.

It’s the autonomic nervous system that triggers the “fight or flight” response during emergencies. By investing in the crucial bond between a parent and a baby and programs that allow students to lower their defenses and reflect, rather than act, on their fears about others, Einhorn hopes to encourage the serenity that comes when people feel good about social interactions.

“This is feeling work. This isn’t just what comes out of your mouth or what you think is happening in your head,” Hoos Rothberg says. “This is how your body feels when you feel calm and in relationship[s] with others.”

A New Approach to Research Empowers the Girls and Young Women a Foundation Serves

By ALEX DANIELS

TO GET A HANDLE ON what girls needed most urgently during the pandemic, an international youth-development foundation sent a group of researchers to conduct interviews in seven Indian cities over the winter.

But the researchers weren’t graduate students or Ph.D.’s. They were about a dozen girls and young women, who helped design the surveys and interviewed their peers. As a result, the interviews gleaned more information than a rigid scientific study ever could, according to the foundation’s leaders and the interviewers.

The conversations covered a lot of ground: Did the girls being interviewed feel safe? Were they afraid to leave their homes? Did they have access to a telephone or computer? Were family members giving them negative messages about menstruation, and did they have access to sanitary pads? Was food readily available, and did they have gear to protect themselves against the virus?

While the surveys don’t have the rigor of a major research project, they yielded responses that allowed the Emerging Markets Foundation,

which goes by the name EMpower, and its grantees to get an idea, at the neighborhood level, of the needs of the girls it serves. Topping the list of needs were food, access to the internet and phone lines, mental-health care, the ability to go out, and personal safety.

The team of young interviewers helped EMpower take quick action, says Cynthia Steele, the grant maker’s president. EMpower identified participants, got clearances for them to take part, trained them, and received results from interviews within a few months.

“Given the urgency of figuring out how to quickly respond and get smart money to the right solutions, having a project that would take a year or 18 months and a lot of a data collection just didn’t seem the right way to go,” she says.

The approach was so successful, EMpower plans to deploy it in its work going forward. The peer interviews helped the young women the foundation works with and provided a quick snapshot of where the most urgent needs were. EMpower will use the findings to shape future grants and is working with other grant makers to

incorporate the results into how they distribute support.

‘Agents of Change’

Soni, a 20-year-old participant from Delhi, says the conversations stirred a lot of emotions among the girls she talked with.

“They trusted me and shared a lot, even things beyond the interview questions,” she said, according to an EMpower report summarizing the process. “I listened to them as a researcher but also as a friend. They saw me as someone who understands the problems they are facing because we are similar.”

Soni and the other interviewers had already participated in other leadership-development programs supported by EMpower. They were paid a modest stipend and received a credential for doing the work. The foundation didn’t give the girls and young women a set list of questions to ask. Instead, the participants helped craft the questions and fine-tuned the language so the

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COMMITTEE OF RESOURCE ORGANISATIONS FOR LITERACY (CORO)

GRASSROOTS INSIGHTS

Peer interviews gave the Emerging Markets Foundation an in-depth look at what girls and young women in India need most during the pandemic.

“I listened to them as a researcher but also as a friend. They saw me as someone who understands.”

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queries were more open-ended and relevant to each neighborhood where the surveys took place.

Steele says the process not only allowed EMpower to act quickly on issues identified by the people experiencing the challenges but it also gave the girls who participated a valuable experience to share with potential employers.

The girls who were interviewed could benefit, too. If their families received direct payments, food, or educational support through nonprofits or local governments because of their participation, the girls could gain in status, making it less likely they’ll be pulled out of school or married off, Steele says.

The research process culminated in a report that presented the findings and included observations from interviewees, interviewees, and experts on the subject. Aparna Uppaluri, a Ford Foundation program officer who shared with EMpower her reflections on the process, says the project can also reduce violence against girls and non-gender-conforming people.

Too often the approach of anti-violence programs is focused on “surveillance and protection,” she says, according to the EMpower report. Instead, empowerment programs should concentrate on the agency and rights of young women. If they are seen as the reason money is flowing

into the community and have the backing of an established organization, Uppaluri reasons, they are less likely to be targeted.

The key takeaway from EMpower’s survey is to “invest in girls and young women in communities as change makers, as they have the best understanding of their lived experiences of violence and discrimination,” Uppaluri says. “Funding practices need to make a shift from viewing them as ‘recipients’ of development funding towards agents of change for gender justice.”

At the same time it was training girls to interview their neighbors in India, EMpower used the approach in a more limited fashion in several of the other countries where it makes grants. It asked grantees to pick a small number of girls who benefit from EMpower grants and have them answer a few questions or send a photo showing what life was like for them during the pandemic.

Steele believes the approach could be used by other foundations, whether they make grants to end discrimination against girls or in another area, like supporting young mothers or assessing the needs of people in prison.

“We’re not researchers,” she says. “That’s not what we do. But it’s something that any foundation that really wants to get a sense of what is going on with its grantee partners could do.”

The San Francisco Foundation Expands Support for Neighborhood Leaders

By ALEX DANIELS

TO FIND OUT where grants are likely to make the most difference in the San Francisco region, Retha Robinson asks local residents a simple question: “Who in your neighborhood do you call when there is a problem?”

If the question begins to generate the same responses, you can get a pretty clear idea who the movers and shakers are, says Robinson, director of the Koshland Neighborhood Fellows program at the San Francisco Foundation. Those are the people who can be trusted to help carry out the grant maker’s mission to improve life in the Bay Area.

The fellowship program, which the foundation has run since 1982, seeks to put money in the hands of people who are already recognized as local leaders, even though they don’t always have the bona fides of an official title, elected office, or established business.

During the pandemic, the foundation leaned on the fellowship program as a way to find out what was going on at the neighborhood level and to get money to the grass roots. In particular, it saw an opportunity to extend its reach deeper into the city’s Mission District, an area with a large population of immigrants and huge increases in housing rental costs that have made it difficult for low-income people to stay in the neighborhood.

Through the fellowship program, the foundation picks 12 leaders in a specific neighborhood and provides each of them \$1,000 in cash and a \$5,000 grant they can use to help their organization. Over the next five years, the fellows receive \$300,000 for a project they design.

The current group of fellows, which includes religious leaders, educators, and community organizers, decided to create a program to train people from all walks of life to become better advocates for their neighbors. Tentatively called the Mission Community Power Institute, it’s based on the *promotora* model, which trains lay people to help their neighbors gain access to health care. *Promotoras* in the Mission program learn skills well beyond health care, like helping fellow residents who are looking for housing, work, or counseling. They also learn basic approaches to advocacy.

As the group came up with the plan, the foundation was largely hands-off.

“Those informal leaders set the agenda,” says Fred Blackwell, the San Francisco Foundation’s president. “It’s completely driven by them.”

Trust in Grantees

As the effects of the pandemic worsened in the Mission District, the foundation and the fellows agreed that neighborhood residents needed more support. The day after an evening of brainstorming, the fellows gave the foundation a one-page document that outlined their plans, Robinson

says, and the foundation agreed to give the group \$300,000, doubling its support of the fellowship.

The fellows knew they wanted to provide direct cash payments to residents hit by the suffering economy. But they feared people struggling to make rent would simply hand the money to landlords. The Mission is at the center of a prolonged gentrification debate, and the group didn’t want to support people on the other side of the struggle.

To receive a \$500 payment, in the form of a gift card, the fellows decided residents would have to attend five online training sessions on tenants’ rights. Then, the 600 or so people who applied for the relief payment had to promise to call five friends to get them up to speed on housing policy.

Through the housing sessions, which started in December, the fellows identified its first group of *promotoras*, who this spring started a seven-week course of advocacy training. They include a woman who sells food she cooks out of her home, a maid, and a recently laid-off restaurant worker.

Temporary measures to protect residents from eviction and provide opportunities for rent forgiveness expire in California later this spring. Eric Cuentos, director of the Parent Partner Program of Mission Graduates and one of the Koshland

fellows, hopes the *promotoras* can become a potent advocacy force.

Through the institute’s training, “we are creating a common language and a wider base of individuals who have that language to make change happen at a grassroots level,” he says.

The San Francisco Foundation is expanding its fellowship work. The next group of Koshland fellows will be from the North Central neighborhood in San Mateo County, and for the first time this year, the grant maker will support a separate regional fellowship using the same model. Robinson says the foundation sees an opportunity to bring “unsung” local leaders together on a wider basis to tackle issues like housing affordability that could benefit from a larger group of advocates.

While the design of the Power Institute came from the fellows, who decided how to use the extra money, Cuentos says, the foundation played a vital part in providing technical help and coaching. The community grant maker was willing to double its gift and cede control over the grant design only because it had invested the time it takes to forge deep relationships with members of the community, says Cuentos.

“They trusted us, and we trusted them.”



MABEL JIMÉNEZ

COMMUNITY NEEDS

The San Francisco Foundation doubled its support for a project in the Mission District to help people advocate for themselves and their neighbors. The area was hit hard by the Covid economic crisis.