To understand how communities function, Flora and Flora (2004) developed the Community Capitals framework. Based on their analyses of entrepreneurial communities, they determined that the communities that were successful in supporting healthy sustainable community and economic development (CED) paid attention to seven types of capital: natural, cultural, human, social, political, financial and built. Beyond identifying the capitals and their role in community economic development, this approach focuses on the interaction among these seven capitals and how they build upon one another.

This framework is used not only as a tool for analysis, but also as a way to assist project managers in identifying key boundary partners. By identifying which agencies or organizations link to each of the community capitals, project managers can determine which organizations with which to partner. Once partners are identified, the framework can then be employed to determine what each partner may need to do in order for the partnership to be successful.

Using the Community Capitals framework, project managers and evaluators can trace how an investment in human capital, for example leadership training, might impact financial capital as leaders use their skills to acquire new funds and better manage existing funds. Social capital may then be impacted as members of the leadership program develop new bonds among themselves and new bridges among the groups with whom they interact. The same leadership course might consequently expand political capital by providing information about how the political system works and how to access resources within the community; it could also help participants develop key linkages to other sources of political power.

Finally, the interaction with representatives from different community groups may expand the cultural capital in the community as people learn to value the voices and heritages of others.

The Community Capitals model has become an invaluable tool in the North Central Regional Center for Rural Development’s work with the National Rural Funders’ Collaborative.

This framework helps project staff and funders better understand the strategic nature of the funded programs and their impact on reducing poverty, creating wealth, supporting family self-sufficiency, and expanding local leadership. NCRCRD’s research focus with the Benedum Foundation addresses the question: Is CED possible in rural communities with populations less than 10,000 people? By measuring the investments in each of the capitals and the changes resulting from that investment, the framework provides a means by which researchers begin to understand the impact of CED on rural people and places.
### Context

Pre-existing conditions and structures

**Community Characteristics**—Impetus for Community Economic Development (CED) Efforts

<table>
<thead>
<tr>
<th>Natural Capital: Air quality, land, water and water quality, natural resources, biodiversity, scenery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural Capital: Values, heritage recognition and celebration</td>
</tr>
<tr>
<td>Human Capital: Population, education, skills, health, creativity, youth, diverse groups</td>
</tr>
<tr>
<td>Social Capital: Trust, norms of reciprocity, network structure, group membership, cooperation, common vision and goals, leadership, depersonalization of politics, acceptance of alternative views, diverse representation</td>
</tr>
<tr>
<td>Political Capital: Level of community organization through the use of government; ability of government to garner resources for the community</td>
</tr>
<tr>
<td>Financial Capital: Tax burden/savings, state and federal tax monies, philanthropic donations, grants, contracts, regulatory exemption, investments, reallocation, loans, poverty rates</td>
</tr>
<tr>
<td>Built Capital: Housing, transportation infrastructure, telecommunications infrastructure and hardware, utilities, buildings</td>
</tr>
</tbody>
</table>

### Process

Actions, investments, intervention

CED Investments in Seven Capitals to Change Community Characteristics

**What:** CED projects focus on strengthening capitals

**Who:** Actors (groups involved)

**How:** Actions to address CED

**When:** Year effort initiated; duration of CED effort

**Natural Capital Investments:** Preserving, restoring, enhancing, conserving environmental features in the CED effort

**Cultural Capital Investments:** Sharing cultural identities (heritage, history, ethnicity, etc.) to drive CED effort

**Human Capital investments:** Work expertise contributed to CED effort

**Social Capital investments:** Risks taken to express differences of opinion on CED issues; organizations involved in CED effort; involving youth in CED; public participation/input in CED effort; organizational link with non-local involvement; actions linking community to the outside; local and non-local organizations involved in CED effort; organizational representative on CED decision-making board; number of different groups on CED board

**Political Capital Investments:** Relationship presence and nature of relationship between CED board and local, county, state, federal, tribal, regional governments

**Financial Capital Investments:** Type of materials contributed to CED effort; presence and sources of both local and external financial support; mechanisms used for leveraging financial support

**Built Capital Investments**

Infrastructure used for CED effort

### Outputs and Outcomes

Results of Actions

Positive Changes in Community Characteristics

**Changes in Natural Capital:**
Indicator: Healthy ecosystems with multiple community benefits

Measures: Landscape, scenery, outdoor recreation opportunities, soils, air quality, water quality, wildlife, vegetation preserved, conserved or restored; land development policies adopted

**Changes in Cultural Capital:**
Indicator: Cultural consciousness

Measure: New community festivals

**Changes in Human Capital:**
Indicators: Increased use of the skills and abilities of local people (critical thinking, innovation, problem solving); increased initiative, responsibility and innovation

Measures: New skills acquired, new training programs established; health care improved; childcare improved; youth and adult education improved; workforce improved; community population and median age changes post-CED effort

**Changes in Social Capital:**
Indicators: Increased networks, communication, cooperation, trust

Measures: New groups involved and partners in CED; new groups formed from CED effort; more community cooperation; increased local and non-local participation; local strategic plan formed; new leaders; more effective leaders

**Changes in Political Capital:**
Indicator: Increased ability to secure resources for the community through elected officials

Measures: New community and government connections at various levels

**Changes in Financial Capital:**
Indicator: Appropriately diverse and vital economies

Measures: New financial instruments established, new bond issues passed; outside funding obtained to improve infrastructure and business development; poverty reduction

**Changes in Built Capital:**
Indicator: Appropriately diverse and vital economies

Infrastructure improved and strengthened (including telecommunications, education facilities; government buildings; community buildings; transportation; business district; health care facilities; industrial park; indoor rec facilities; cultural facilities; housing; churches; city services; energy services, etc.)