



RURAL ENTREPRENEURSHIP AND THE CHALLENGES ACCESSING FINANCIAL CAPITAL: AN OVERVIEW OF FUNDING IN RURAL AMERICA

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A FOCUS ON ENTREPRENEURSHIP

- Rural areas are more remote to markets, infrastructure, and other resources, such as human capital and financial capital, starting a business in a more rural area can be more challenging than doing so in an urban one.
- Recognition of entrepreneurship's important role in job creation and wealth creation.
- More attention has been paid to how communities can proactively begin to build more dynamic ecosystems in their areas to foster entrepreneurship, mobilize investment, and create jobs and wealth in their communities.
- Rural America is home to around 46 million people.
 - Rural population grew by 0.02 percent in 2018-19, well below the urban growth rate of 0.6 percent.
 - Rural job creation is half the rate of their urban counterparts.
 - Rural poverty rates are dropping, but the rural rate of 16.1 percent in 2018 was still substantially higher than the urban poverty rate of 12.6 percent (USDA 2021).
 - Data from the U.S. Census Bureau indicate that approximately 15 percent of firms are located in rural areas.

RESEARCHERS HAVE HIGHLIGHTED A NUMBER OF ESSENTIAL POLICY INPUTS/CONTRIBUTORS THAT ARE CLOSELY ASSOCIATED WITH ROBUST AND EFFECTIVE REGIONAL ECOSYSTEMS.

- Market Access: Helping entrepreneurs identify and access markets
- Capital: Providing diverse sources of capital to help firms both start and grow
- Workforce/Human Capital: Building a regional talent base for hiring needs
- Business Assistance: Providing easy access to technical assistance
- Community Culture: Honoring and embracing entrepreneurship
- Effective Regulation: Cutting red tape and promoting flexibility
- In a study of successful rural communities, researchers found that eight critical factors—recruitment and entrepreneurship, manufacturing and services, progressive firms, ongoing local economic development efforts, a “pro-growth” attitude, finances and infrastructure, local leadership, and support from outside the community—explain the majority of the success (Dewitt et al. 2014).

THE FOCUS OF THE REPORT

- Sources of financial capital for rural businesses
- Challenges they face in obtaining the capital they need in ways that work for them.
- While the report briefly addresses grants and debt financing, it is focused on a subset of firms, early-stage growth-oriented-companies accessing investment capital through crowdfunding, angel investment, and venture capital.
- The report includes several real world examples of funders who are successfully mobilizing capital in underserved areas, as well as entrepreneurs in rural areas who have successfully raised capital from investors.
- Finally, some policy implications for supporting rural entrepreneurs concludes the report.

A FOCUS ON CAPITAL: OUTLINE FOR TODAY

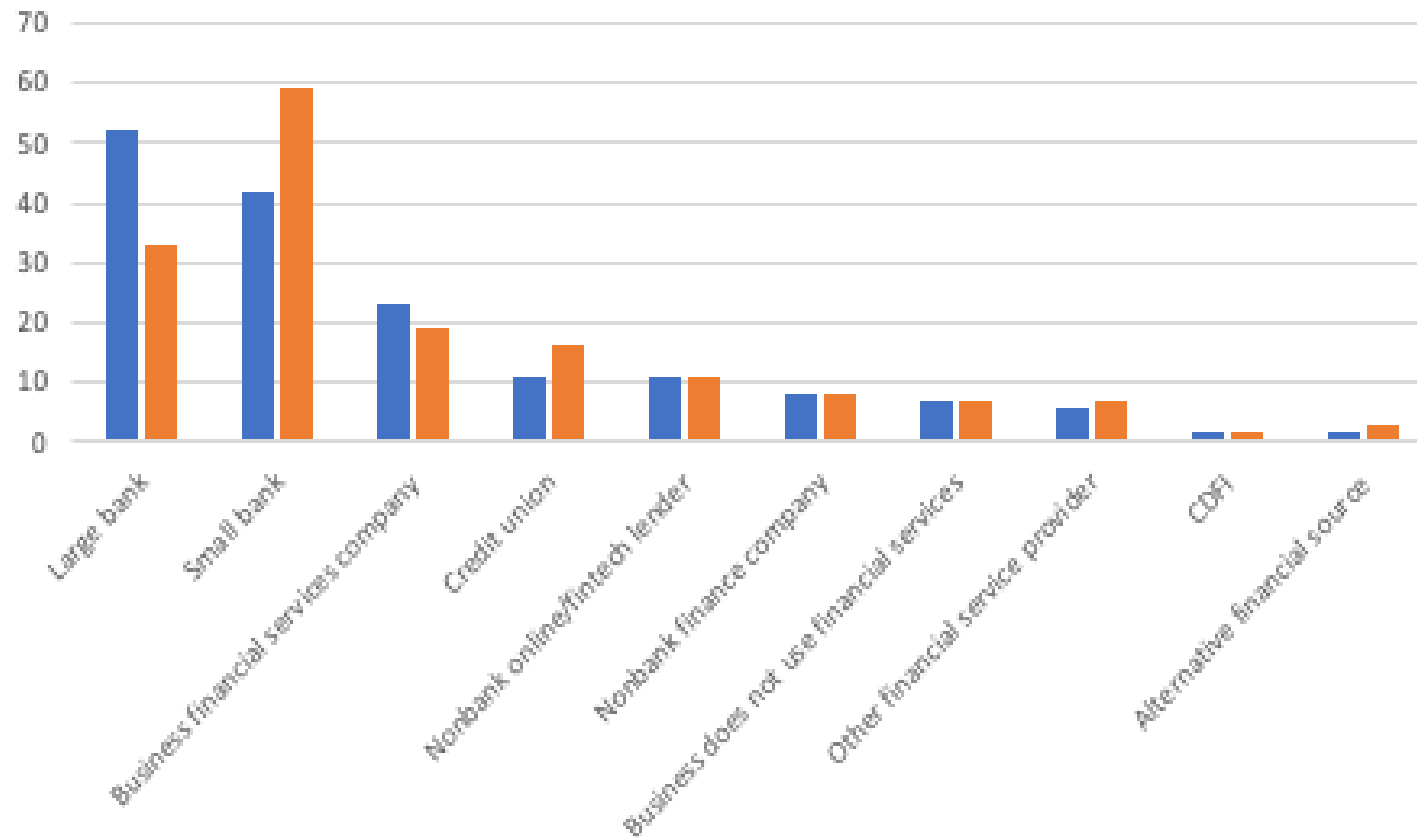
- Types and Sources of Funding Available and Utilized by Entrepreneurs in Rural Communities (grants (SBIR/STTR (\$3.2B), etc.), debt (briefly review data from SBCS))
 - Focus on:
 - Crowdfunding
 - Angel Investment
 - Venture Capital
- Conclusions
- Policy Recommendations

Table 3. Debt Financing		URBAN		RURAL	
		%	n	%	n
Share of businesses with prior debt outstanding		80	8415	79	1115
Amount of debt outstanding					
	\$25K or less	13	6744	15	892
	\$25,001-\$50K	12	6744	13	892
	\$50,001-\$100K	17	6744	19	892
	\$100,001-\$250K	26	6744	22	892
	\$250,001-\$1M	21	6744	21	892
	More than \$1M	11	6744	10	892
Use of financial services by Source of Financing					
	Large bank	52	8521	33	1125
	Small bank	42	8521	59	1125
	Credit union	11	8521	16	1125
	CDFI	2	8521	2	1125
	Nonbank online/fintech lender	11	8521	11	1125
	Nonbank finance company	8	8521	8	1125
	Alternative financial source	2	8521	3	1125
	Business financial services company	23	8521	19	1125
	Other financial service provider	6	8521	7	1125
	Business does not use financial services	7	8521	7	1125

- More alike than not
- Smaller firms
- Smaller amounts of funding
- Small Banks/Credit Unions-- Local

CREDIT

Chart 1: Use of Financial Services by Source of Financing



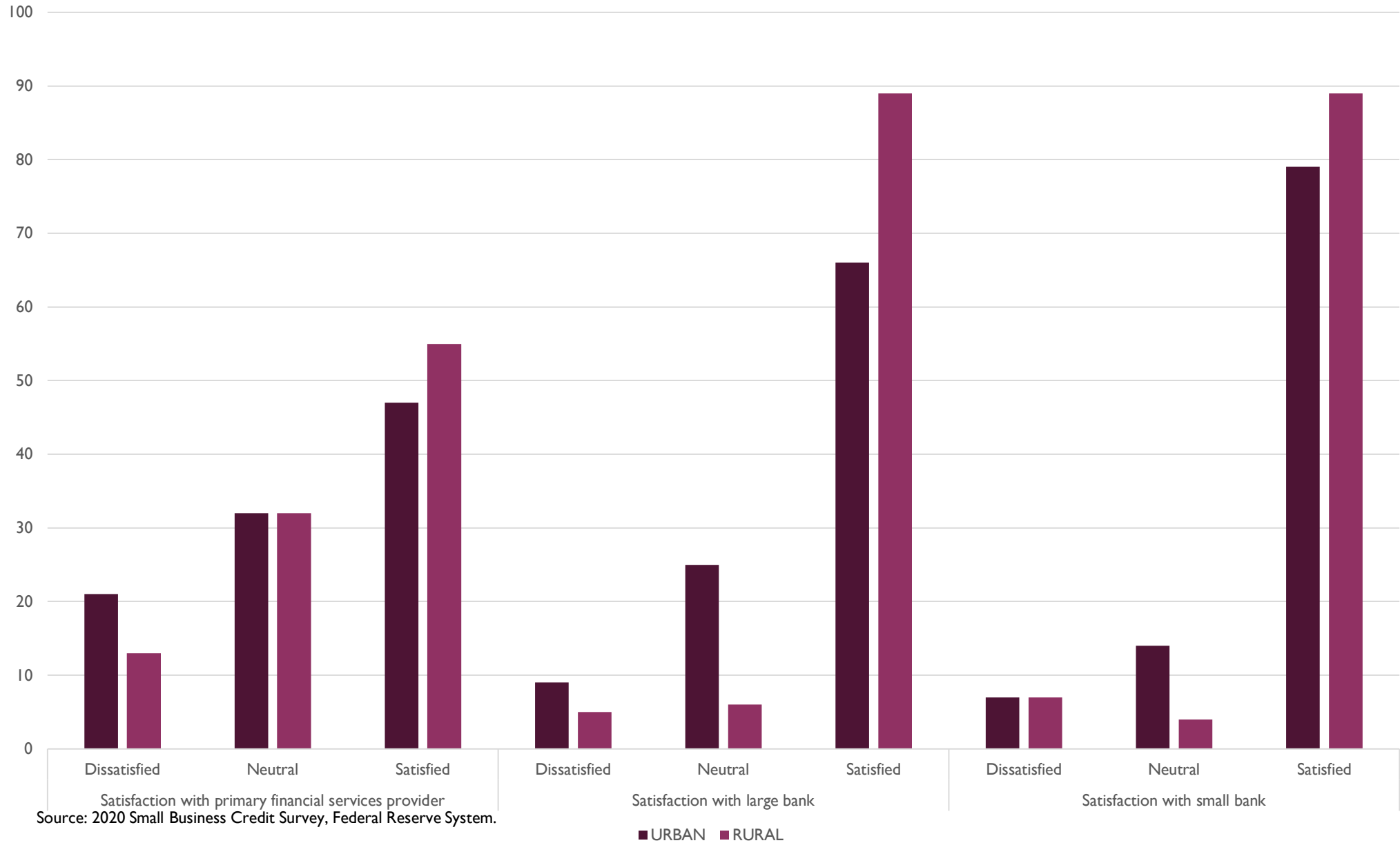
Source: 2020 Small Business Credit Survey

■ Urban ■ Rural

Table 4. Demand for Financing		URBAN		RURAL	
		%	n	%	n
Share that applied in prior 12 months		38	8312	36	1095
Reasons for seeking financing					
	Meet operating expenses	57	3153	60	398
	Expand business/ new opportunity	38	3153	35	398
	Replace capital assets or make repairs	21	3153	27	398
	Refinance or pay down debt	31	3153	37	398
	Other reason	4	3153	3	398
Primary reason for not applying					
	Had sufficient financing	52	4950	56	675
	Discouraged	13	4950	10	675
	Debt averse	25	4950	25	675
	Credit cost high	4	4950	4	675
	Application process too difficult	4	4950	2	675
	Other	2	4950	2	675

- Rural businesses were more likely to not seek financing because they didn't need it. Less discouraged as well.

Chart 2: Business Satisfaction with Financial Service Providers



Source: 2020 Small Business Credit Survey, Federal Reserve System.

Table 5. Financing Sought					
		URBAN		RURAL	
		%	n	%	n
Application rate for loans/lines of credit					
	SBA loan or line of credit	42	2261	38	304
	Business loan	45	2261	50	304
	Line of credit	36	2261	31	304
	Home equity line of credit	10	2261	10	304
	Personal loan	10	2261	14	304
	Mortgage	6	2261	6	304
	Auto or equipment loan	11	2261	16	304
	Other	5	2261	4	304
Credit sources applied to					
	Large bank	45	2270	30	304
	Small bank	41	2270	49	304
	Online lender	20	2270	19	304
	Finance company	14	2270	18	304
	Credit union	8	2270	11	304
	CDFI	4	2270	1	304
	Other	10	2270	11	304
Approval rate by source					
	Large bank	64	975	49	94
	Small bank	73	848	77	147
Approval rate by product					
	SBA loan or line of credit	66	833	58	87
	Business loan	58	922	56	141
	Line of credit	71	731	71	104
	Any loan, LOC, or MCA product	76	2152	73	296

CROWDFUNDING

- Crowdfunding has become a frequent route to raising capital for entrepreneurs with ideas and companies looking to scale. Crowdfunding is a way to democratize access to the capital needed to commercialize and distribute innovation. There are several types of crowdfunding REWARDS BASED, DEBT, EQUITY
- Indiegogo, which started in 2008, has had more than nine million backers and more than \$1 Billion raised. Since starting on April 28th, 2009, Kickstarter boasts more than 20 million backers, nearly seven million repeat backers. As of August 2021, they've had 206,317 successfully funded projects totally more than \$5.4 Billion raised.

Table 7: Successful Campaign Statistics on Kickstarter.com

<\$1K	26,649	12.9%
\$1K-9.99K	110,423	53.5%
\$10K-19.99K	29,786	14.4%
\$20K-99.99K	30,754	14.9%
\$100K-999K	8,126	3.9%
\$1M+	579	0.3%
	206,317	100.0%

<https://www.kickstarter.com/help/stats?ref=press>

(pulled on August 6, 2021).

EQUITY CROWDFUNDING

- There are currently 65 FINRA funding-portal members.
- Most of the early entrants continue to dominate the marketplace.
- About 90% of the industry volume being conducted on the top five platforms: Wefunder, StartEngine, Republic, Net Capital Funding, and SeedInvest .

Table 8. 2020 Equity Crowdfunding by Platform

	Number of Campaigns	Amount Raised	% of Raised Amount
WeFunder	292	\$ 83,610,279	34.3%
startengine	145	\$ 71,211,120	29.2%
Republic	128	\$ 42,817,680	17.6%
Netcapital	58	\$ 12,292,050	5.0%
seedinvest	39	\$ 7,568,898	3.1%
Microventures	41	\$ 7,420,794	3.0%
Mainvest	134	\$ 3,724,350	1.5%
Equifund	4	\$ 3,481,141	1.4%
truCrowd	23	\$ 3,018,052	1.2%
nextseed	17	\$ 2,966,450	1.2%
Total by top 10	881	\$ 238,110,814	97.7%
Overall Total	1007	\$ 243,780,261	100.0%
https://cloud1.worldtv.io/fmi/webd/NextPitchTV			

Table 11.A Regulation Crowdfunding (2017-2021)				
Fiscal Year	Rural/Urban	# of Firms	Rural Share of Firms	Rural Share of Amount Raised
2017	Urban	77		
	Rural	2	2.5%	0.8%
2018	Urban	256		
	Rural	13	4.8%	3.8%
2019	Urban	293		
	Rural	8	2.7%	2.5%
2020	Urban	310		
	Rural	6	1.9%	2.8%
2021	Urban	467		
	Rural	24	4.9%	6.1%

Source: SEC Data (<https://www.sec.gov/dera/data/crowdfunding-offerings-data-sets>)

Table 9. Regulation Crowdfunding (2017-2021)			
Fiscal Year	Rural/Urban	# of Firms	Amount Raised
2017	Urban	77	\$ 25,335,743
	Rural	2	\$ 216,754
	Total	79	\$ 25,552,497
2018	Urban	256	\$ 62,424,986
	Rural	13	\$ 2,466,134
	Total	268	\$ 64,891,121
2019	Urban	293	\$ 54,236,015
	Rural	8	\$ 1,417,297
	Total	301	\$ 55,653,311
2020	Urban	310	\$ 87,407,696
	Rural	6	\$ 2,502,662
	Total	316	\$ 89,910,358
2021	Urban	467	\$ 170,932,475
	Rural	24	\$ 11,164,105
	Total	491	\$ 182,096,580

Source: SEC Data (<https://www.sec.gov/dera/data/crowdfunding-offerings-data-sets>)

Table 10. Regulation Crowdfunding (2017-2021)

Fiscal Year	Rural/Urban	# of Firms	Mean of Amount Raised	Median of Amount Raised
2017	Urban	77	\$ 298,068	\$ 183,000
	Rural	2	\$ 108,377	\$ 108,377
	Total	79	\$ 293,707	\$ 182,847
2018	Urban	256	\$ 212,330	\$ 104,650
	Rural	13	\$ 176,152	\$ 97,624
	Total	268	\$ 210,685	\$ 104,650
2019	Urban	293	\$ 166,368	\$ 84,668
	Rural	8	\$ 177,162	\$ 55,000
	Total	301	\$ 166,627	\$ 81,833
2020	Urban	310	\$ 265,677	\$ 107,000
	Rural	6	\$ 357,523	\$ 272,450
	Total	316	\$ 267,590	\$ 107,000
2021	Urban	467	\$ 325,586	\$ 134,280
	Rural	24	\$ 429,389	\$ 115,470
	Total	491	\$ 330,484	\$ 131,940

Source: SEC Data (<https://www.sec.gov/dera/data/crowdfunding-offerings-data-sets>)

Table 11.B Total Number of Regulation Crowdfunding Campaigns by Urban/Rural (2016-2021)						
	Rural		Urban		Total	
Year	Issuers	Amount	Issuers	Amount	Issuers	Amount
2016*	10	\$753,136	167	\$28,170,469	177	\$28,923,605
2017	16	\$1,181,314	475	\$76,726,587	491	\$77,907,901
2018	34	\$4,667,483	687	\$87,990,454	721	\$92,657,937
2019	20	\$5,459,945	674	\$141,682,889	694	\$147,142,834
2020	55	\$12,898,533	1,051	\$297,309,903	1,106	\$310,208,436
2021*	38	\$8,578,040	637	\$203,528,422	675	\$212,106,462
Total	173	\$ 33,538,451	3,691	\$ 835,408,724	3,864	\$ 868,947,175
Rural Share (as a Percentage of All)						
2016*	5.6%	2.6%				
2017	3.3%	1.5%				
2018	4.7%	5.0%				
2019	2.9%	3.7%				
2020	5.0%	4.2%				
2021*	5.6%	4.0%				
Source: Special Tabulation by Crowdfund Capital Advisors						

Table 11.C Total Successful Regulation Crowdfunding Campaigns (2016-2021)						
	Rural			Urban		
Year	Issuers	Total Amount (\$)	Success Rate	Issuers	Total Amount (\$)	Success Rate
2016*	3	\$663,436	30.0%	84	\$27,294,893	50.3%
2017	11	\$1,112,560	68.8%	297	\$74,299,550	62.5%
2018	17	\$4,453,897	50.0%	417	\$85,484,030	60.7%
2019	13	\$5,402,503	65.0%	428	\$139,050,836	63.5%
2020	34	\$12,681,235	61.8%	735	\$292,531,181	69.9%
2021*	31	\$8,284,577	81.6%	467	\$200,138,382	73.3%
Total	109	\$32,598,208		2,428	\$ 818,798,872	
ALL	2,537	\$851,397,080	65.7%			
Source: Special Tabulation by Crowdfund Capital Advisors						
* Partial years. Date range 5/16/2016 - 6/30/2021						

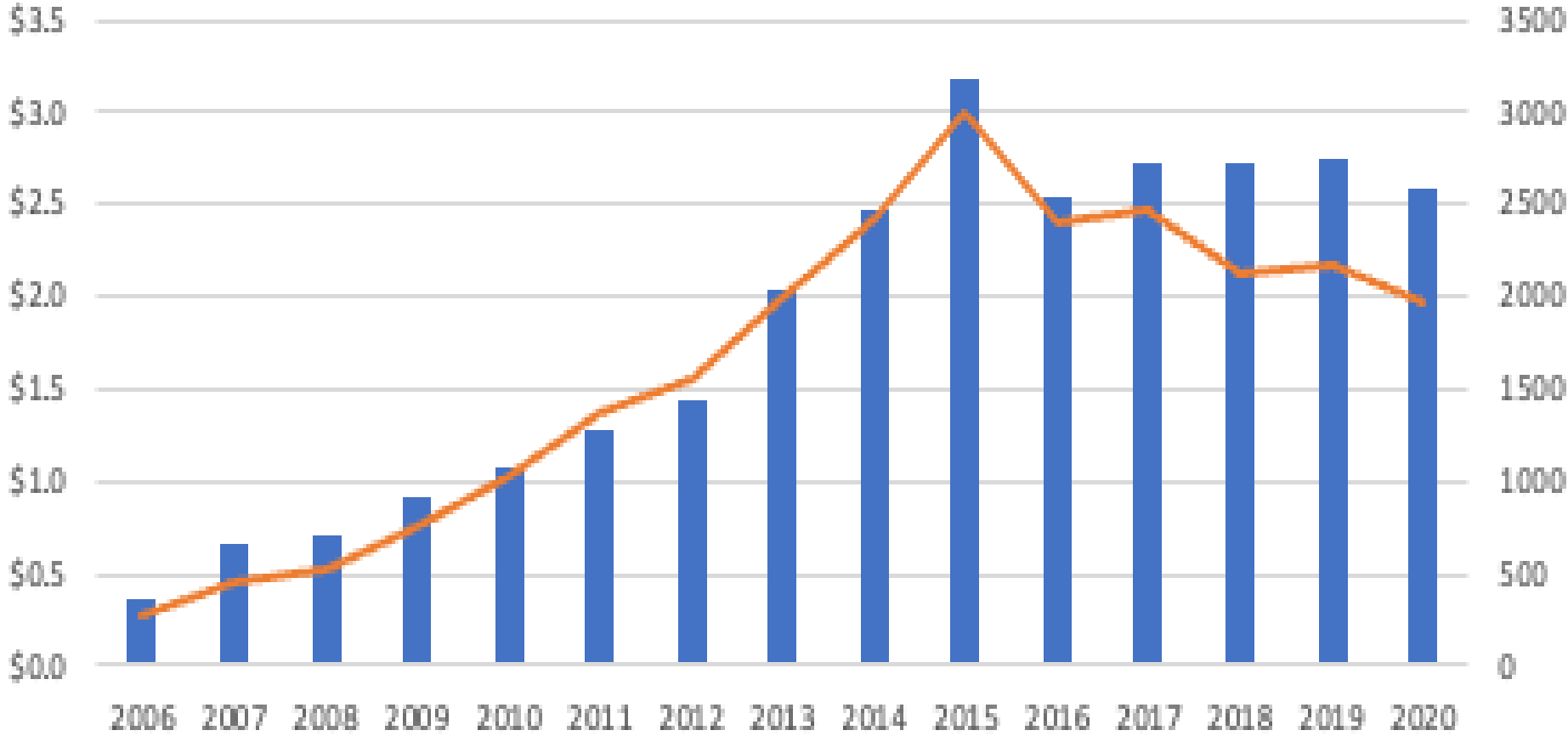
ANGEL CAPITAL

- Data– Sources are wildly different in terms of numbers of investors, deals, and funding, but they all indicate that very little goes to rural areas
 - Center for Venture Research
 - Pitchbook
 - Angel Capital Association (Angel Funders Report)
 - Angel Resource Institute (Halo Report)
 - Locally oriented
 - Average distance from investor to portfolio company was 37 miles
 - Investors tend to invest within region/city--- mentoring/HK along with FK for early stage companies

Table 12. The Angel Capital Ecosystem (2016-2020)			
	Amount of Funding (\$billions)	Number of Angel Deals	Number of Angel Investors
2016	21.3	64,380	297,880
2017	23.9	61,560	288,380
2018	23.1	66,110	334,565
2019	23.9	63,730	323,365
2020	25.3	64,480	334,680

Source: Jeffery Sohl, Center for Venture Research: 2021, 2020, 2019, 2019, 2017.

Chart 11: Angel Deals and Amounts

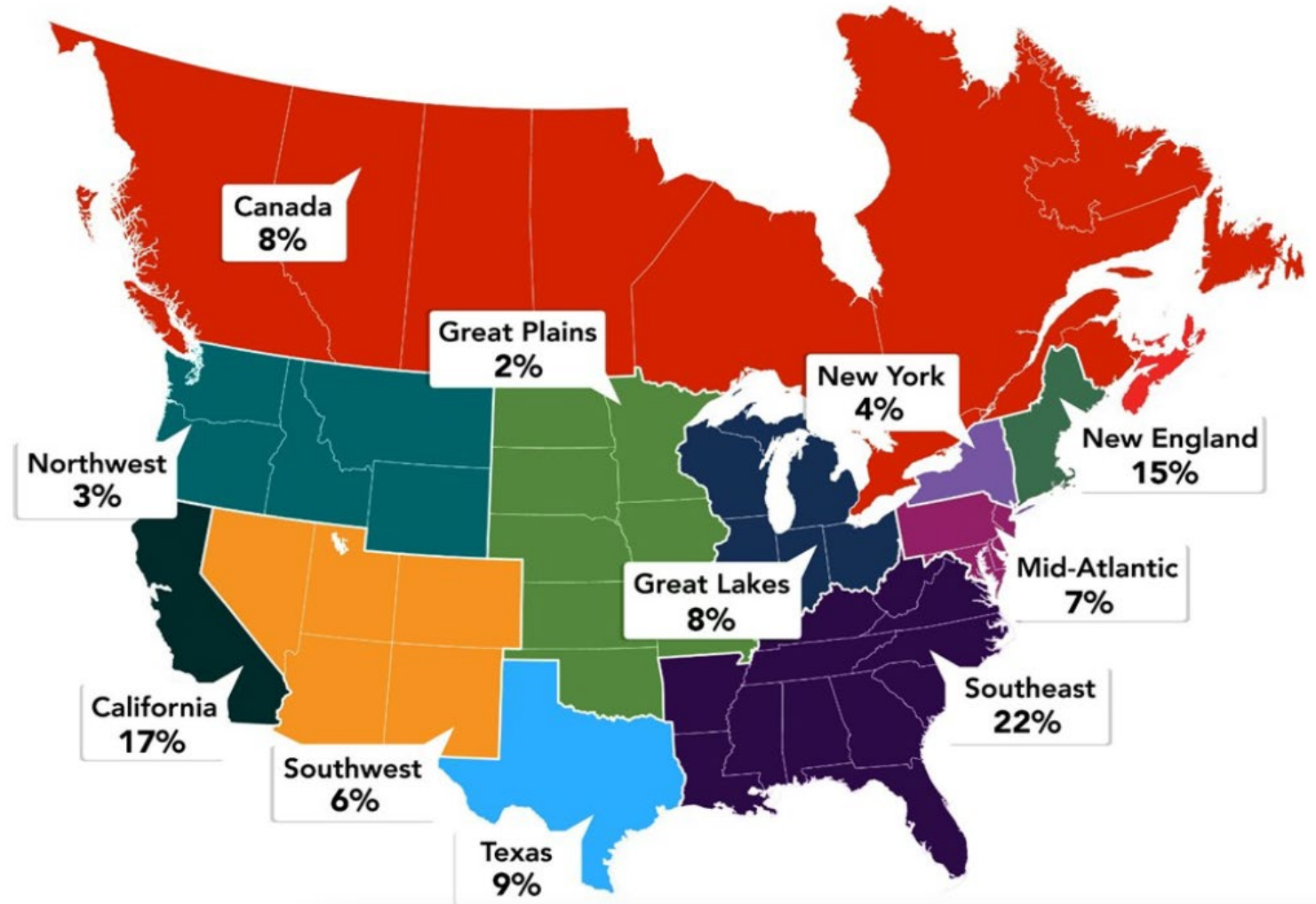


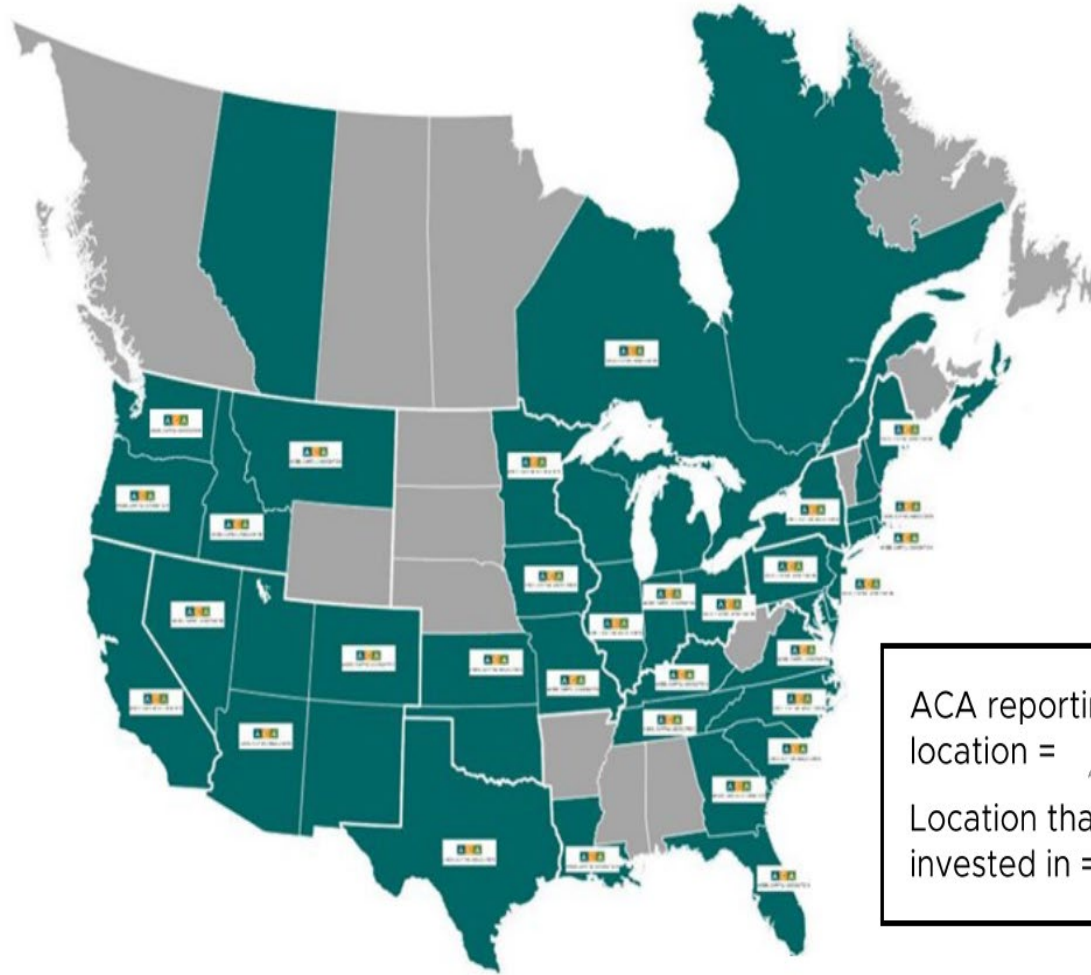
Source: Pitchbook

Amount of Funding Number of Deals

ANGEL CAPITAL ASSOCIATION

- Angel Capital Association, the main trade association for angel investors in the United States. In their 2019 Angel Funders report, they presented data from 68 angel groups and 1,170 investments in 905 companies totaling \$228 million dollars.

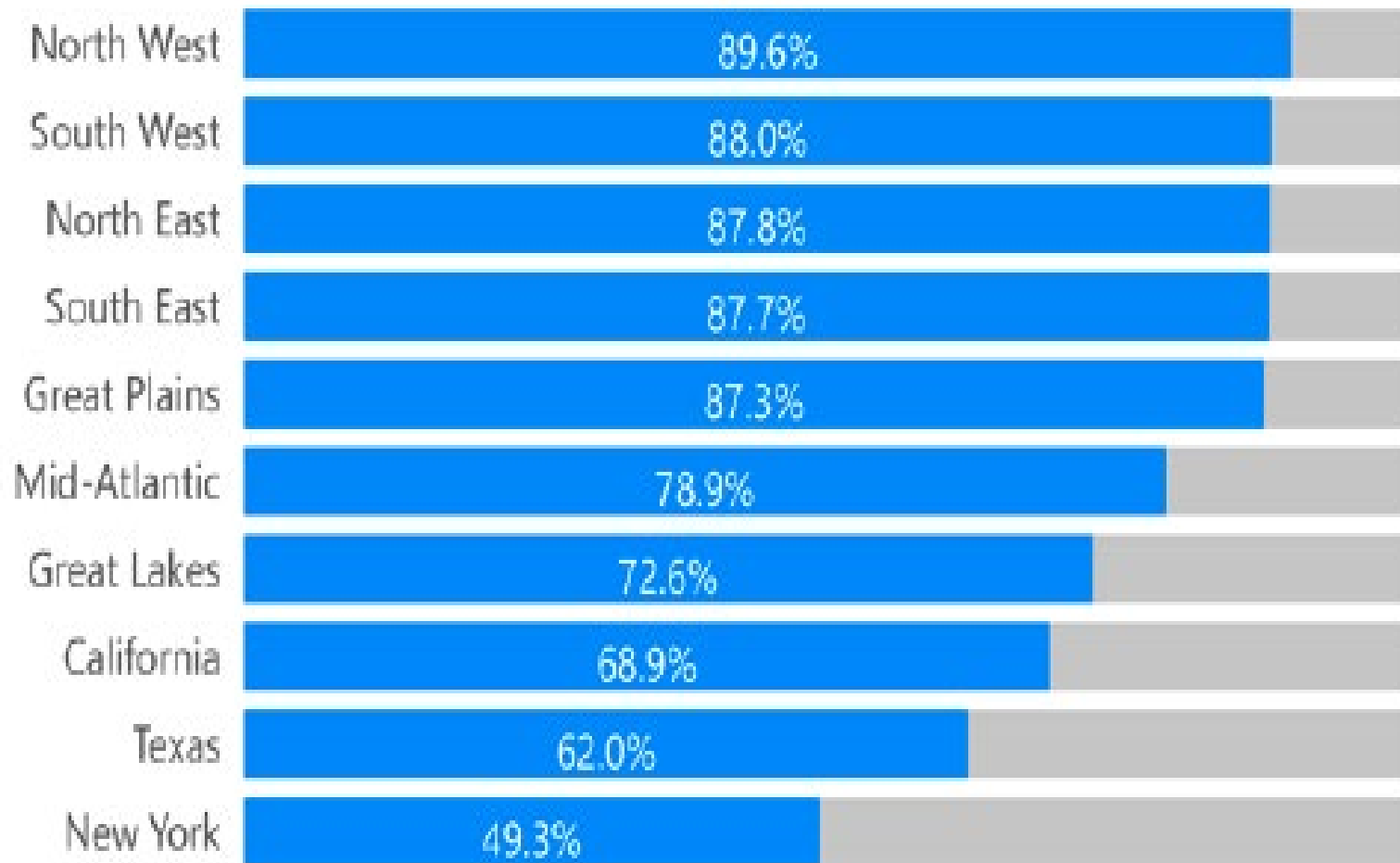




ACA reporting group
location = 
ANGEL CAPITAL ASSOCIATION

Location that ACA group
invested in = 

Percentage Deals In Region



Source: 2020 Halo Report, Angel Resource Institute

Preliminary data for the 2021 report showed from the 96 ACA member groups who submitted data for at least one year between 2018 and 2020

- 14 of them (15%) funded at least one rural company.
- On average, seven percent of the deals for these groups involved at least one rural investment, ranging from a high of 89 percent to a low of one percent.
- Only two of the groups were principally rural investors, one group with 89 percent of their investments in rural companies and one that had 50 percent of their investments in rural companies.
- The other 94 groups either did zero investing or it was a minority of their investing.

	2018	2019	2020	Total
Number of Deals				
Undetermined	39.7%	48.8%	36.8%	41.6%
Rural %	0.6%	0.9%	1.2%	0.9%
Urban %	59.7%	50.3%	62.0%	57.5%
Investment Dollars				
Undetermined	36.7%	50.1%	44.3%	44.1%
Rural %	0.5%	0.7%	0.7%	0.6%
Urban %	62.8%	49.2%	55.0%	55.3%
	100%	100%	100%	100%

Source: Preliminary Findings from the 2021 Angel Funders Report, Angel Capital Association

VENTURE CAPITAL

- Information asymmetry between new companies and venture capital firms can be a challenge for both venture capital companies as they vet investment opportunities and monitor investments and the geographic distance between them and their investees can exacerbate that challenge.
- Frequent face-to face meetings both before and after the investment are often required and the larger the physical distance, the more difficult it can be to adequately due diligence a potential investment, monitor a company post investment, and conduct activities that support the company, such as taking a board seat (Gompers and Lerner, 1999; Lerner, 1995; Cumming and Dai, 2010).
- More precise estimates come from:
 - Cummings and Dai (2010), who found about 50% of the new ventures are located within 233 miles from their VCs;
 - An analysis by Pitchbook found that in 2019 the median distance between a target company and lead investor was about 400 miles, while the median distance for seed deals was about 100 miles;
 - Sorenson and Stuart (2001) who found that venture capitalists invest in companies 10 miles from their offices at twice the rate of ones situated 100 miles away.

VENTURE CAPITAL IS VERY CONCENTRATED

Table 14. US VC deals and amounts for top 10 states (2020)

	Deals	Amount \$		
1 California	34.3%	52.6%		
2 New York	12.3%	10.8%		
3 Massachusetts	7.2%	10.3%	53.8%	73.6%
4 Washington	3.5%	3.1%		
5 Texas	5.2%	2.9%		
6 North Carolina	1.8%	2.1%		
7 Illinois	2.7%	1.8%		
8 Colorado	3.1%	1.6%		
9 Minnesota	1.1%	1.5%		
10 Florida	2.6%	1.3%		
11 Pennsylvania	2.6%	1.3%		
12 Georgia	1.8%	1.2%		
	78.2%	90.4%		

The 2 MSAs that make up Silicon Valley account for 22.5% of the deals and 38.1% of the dollars in 2020

Source: Pitchbook and National Venture Capital Association

Table 22: Investment Details by Geography

of States California Investors Invested into by Year

Year	# of States Invested In
2007	37
2013	43
2020	47

-Investing more outside of local area

Top 5 States by Percentage of 2020 Deals Done in State Which Feature Investor(s) from Outside State

Company HQ State	% Invested From Outside State
Delaware	98%
District of Columbia	84%
Nevada	83%
New Jersey	82%
South Carolina	78%

- Attracting investors from out of state (by necessity?)

*This ranking is inclusive of states with 20 or more investments

Top 5 States by Percentage of 2020 Deals Done in State which Feature Investor(s) from that State

Company HQ State	% Invested From Within State
Indiana	75%
California	69%
Michigan	68%
Iowa	65%
Connecticut	60%

*This ranking is inclusive of states with 20 or more investments

Table 24. Regulation D Filings by Urban/Rural (2017-2021)

Fiscal Year	Rural/Urban	# of Firms	Mean of Amount Sought	Median of Amount Sought	Mean of Amount Raised	Median of Amount Raised
2017	Urban	18,732	\$ 57,318,180	\$ 3,750,000	\$ 47,005,049	\$ 2,250,000
	Rural	527	\$ 12,275,950	\$ 2,000,000	\$ 5,254,014	\$ 860,000
	Missing	2,189	\$ 148,559,967	\$ 10,000,000	\$ 127,638,461	\$ 8,682,440
	Total	21,433	\$ 65,075,041	\$ 3,982,359	\$ 53,815,078	\$ 2,400,000
2018	Urban	19,920	\$ 83,552,326	\$ 3,759,953	\$ 69,584,742	\$ 2,320,000
	Rural	528	\$ 8,072,458	\$ 2,100,000	\$ 5,666,284	\$ 1,198,375
	Missing	2,325	\$ 157,557,530	\$ 10,000,000	\$ 135,997,004	\$ 7,414,293
	Total	22,757	\$ 89,063,458	\$ 3,995,309	\$ 74,621,029	\$ 2,440,000
2019	Urban	21,195	\$ 68,751,254	\$ 4,000,000	\$ 55,583,781	\$ 2,478,454
	Rural	593	\$ 23,479,954	\$ 2,515,470	\$ 14,723,354	\$ 1,217,500
	Missing	2,287	\$ 191,844,497	\$ 10,000,000	\$ 179,805,752	\$ 8,370,000
	Total	24,051	\$ 79,259,797	\$ 4,202,435	\$ 66,303,926	\$ 2,574,457
2020	Urban	21,257	\$ 77,215,930	\$ 4,200,000	\$ 63,254,833	\$ 2,600,000
	Rural	523	\$ 14,179,419	\$ 3,000,000	\$ 8,485,268	\$ 1,210,000
	Missing	2,322	\$ 110,109,212	\$ 7,295,932	\$ 95,061,377	\$ 5,000,000
	Total	24,079	\$ 79,033,846	\$ 4,327,662	\$ 65,151,264	\$ 2,700,000
2021	Urban	26,602	\$ 64,228,313	\$ 3,900,000	\$ 54,838,238	\$ 2,500,000
	Rural	693	\$ 69,534,692	\$ 3,000,000	\$ 51,065,355	\$ 1,500,252
	Missing	2,758	\$ 293,413,253	\$ 6,017,641	\$ 279,157,575	\$ 4,610,000
	Total	30,026	\$ 86,419,603	\$ 4,000,000	\$ 76,349,514	\$ 2,555,000

Total Amounts:

2017: \$1.7 Trillion

2020: \$3 Trillion

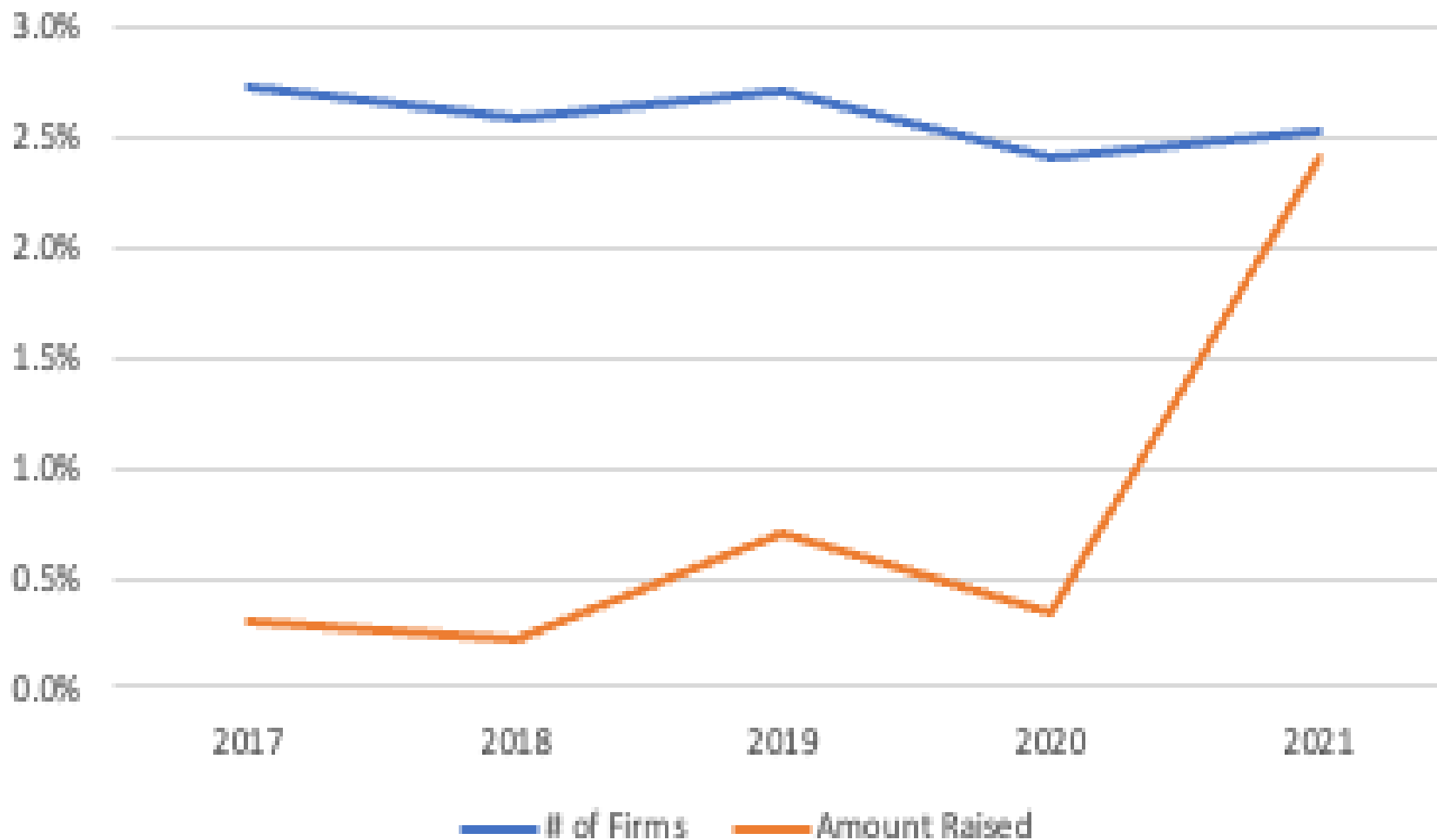
Rural:

2017: \$3.2 Billion

2021: \$42.5 Billion

Source: SEC Data (<https://www.sec.gov/dera/data/form-d>)

Chart 13: Rural Share of Firms and Amount Raised through Reg D



Only about 2.5% of deals and dollars in 2021

Chart 12: Ratio of Amount Raised/Amount Sought through RegD by Urban/Rural (2017-2021)

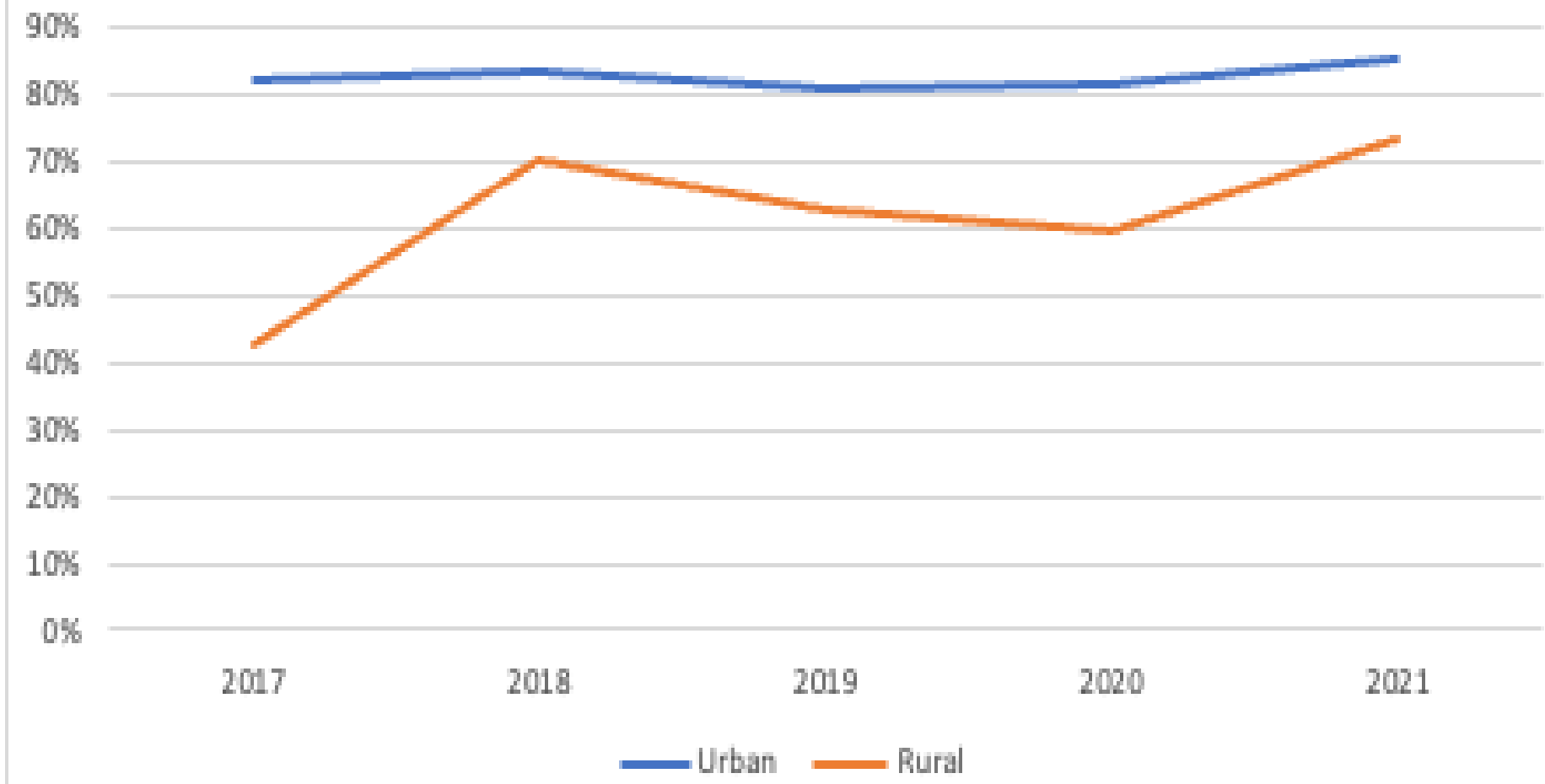


Chart 14: Mean of Amounts Sought and Raised through Reg D Offerings by Urban/Rural (2017-2021)

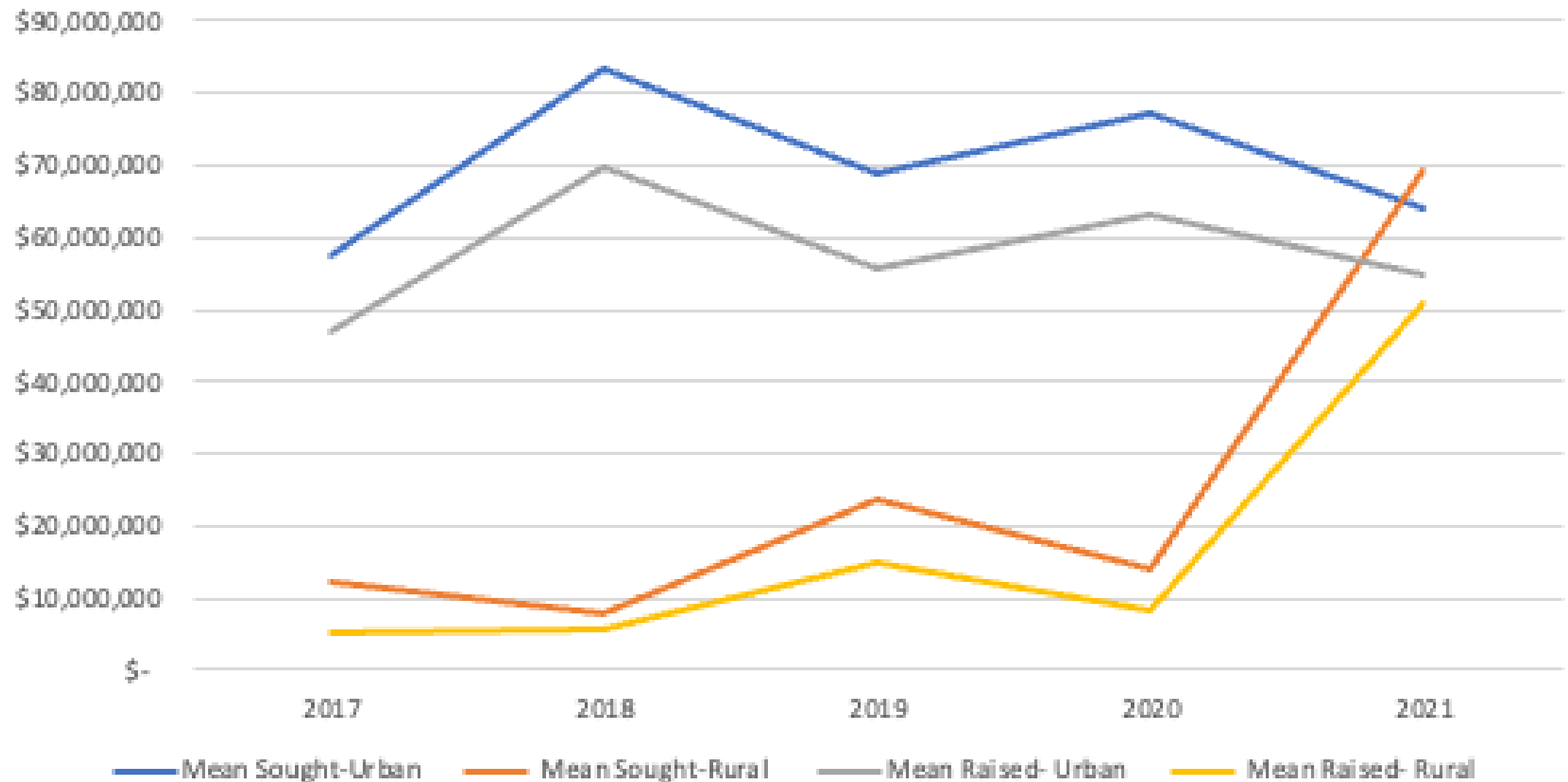
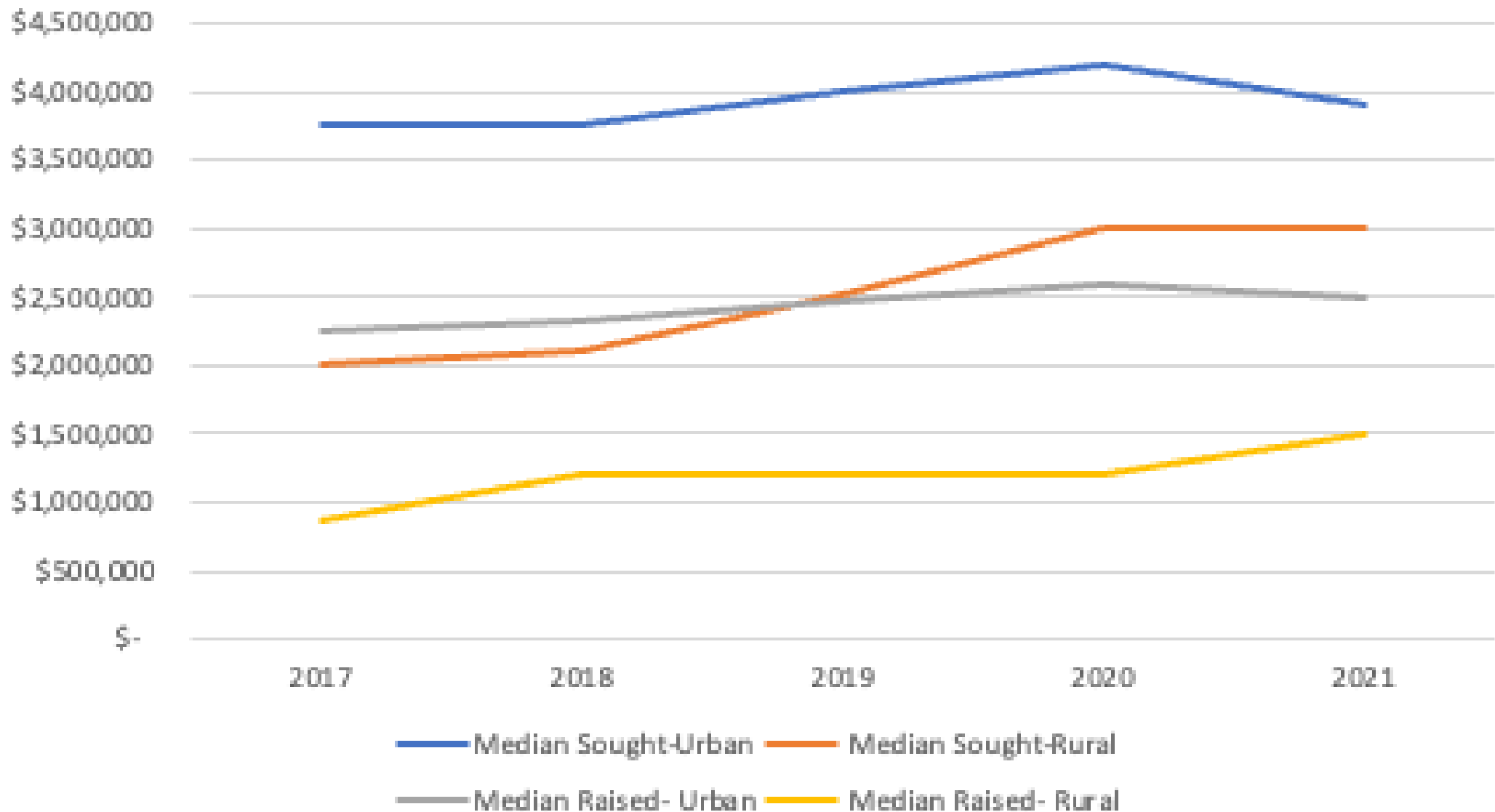


Chart 15: Median Sought and Raised through Reg D Offerings by Urban/Rural (2017-2021)



COMMUNITY DEVELOPMENT VENTURE CAPITAL

- Businesses in rural areas are much less likely to attract traditional venture capital, which is very concentrated in urban areas generally and in specifically a select group of geographies that have a critical mass of potential investment opportunities and the supporting infrastructure in the form of technological, managerial, legal and financial expertise necessary to take ideas to market (Rubin 2001, Lipper and Moncrief 2001)
- Community development venture capital (CDVC) is one form of developmental venture capital that has evolved in rural areas where investors are evaluating a company's potential for high-quality job creation and its likelihood of rapid economic growth. As a result of this dual-bottom-line, CDVCs are willing to invest in companies in numerous industries, stages of development, and locations (Rubin 2001).
- There is a role for government (Farm Bill 2002, Small Business Jobs Act of 2010 established the State Small Business Credit Initiative (SSBCI), American Rescue Plan (2021) reauthorized \$10 billion in funding for SSBCI 2.0)

THE 2002 FARM BILL CREATED THE RURAL BUSINESS INVESTMENT PROGRAM (RBIP), DESIGNED TO PROMOTE DEVELOPMENTAL VENTURE CAPITAL INVESTMENTS IN SMALLER ENTERPRISES LOCATED IN RURAL AREAS.

RBIC Name	Year Certified	HQ State	\$AUM	Geog. Focus
Advantage Capital Agribusiness Partners	2014	MO	\$154.5M	US
Azalea Capital RBIC Fund	2021	SC	\$59.5M	SE/Mid Atl.
Blue Highway Growth Capital	2018	MA	\$41.6M	NE/Mid Atl.
Innova Ag Innovation Fund IV	2015	TN	\$31M	US
Lewis & Clark RBIC Fund II	2020	MO	\$100M	Midwest, Gulf Coast, SE
Meritus Ventures	2006	TN	\$36.4M	Appalachia
Midwest Growth Partners II	2018	IA	\$113.5M	Midwest.
Open Prairie Rural Opportunities Fund	2017	IL	\$81M	Midwest
Pharos Capital Partners IV-A	2020	TN	\$150M	US
Rural American Fund III RBIC	2020	IL	\$50M	US

GROWING LOCAL INVESTOR NETWORKS

- While many investors, especially later stage, frequently invest across state lines, early stage companies are more likely to rely on investors closer to home. Thus, they benefit immensely from growth in local capital availability. But even at the later stage, companies in the three regions that dominate venture capital activity benefit from being near these areas.
- The median distance between the lead investor and target company in the Bay Area, Boston, and New York from 2015-2019 was just 32 miles, while for the other ecosystems it was about ten times that at 323 miles.
- **If the goal is to grow less prominent ecosystems, especially rural areas, a growth in the local investor networks as well as wrap around support services and mentoring for businesses in these areas will be needed as well, especially for businesses at the earliest stages.**
- Venture capital firms based in locales that are venture capital centers outperform. This outperformance arises from outsized performance outside of the venture capital firms' office locations, including in peripheral locations. (Chen et al 2009). This suggests that one pathway to 'better' venture capital investment in underserved areas, especially rural ones, would be for **policy makers to mitigate costs associated with established venture capitalists investing in their geographies rather than encouraging the establishment of new venture capital firms.**

CONCLUSIONS

- There are many benefits of having a thriving entrepreneurial ecosystem for rural communities and there is increased attention being paid to how communities can proactively build more dynamic ecosystems in their areas to foster entrepreneurship, mobilize investment, and create jobs and wealth in their communities.
- With the technological innovations that have occurred over the last couple decades, there are more opportunities for companies to locate in rural areas, as well as hire more employees that can telecommute and live anywhere.
- Quality of life benefits in rural areas, such as cleaner air, less traffic, more space, outdoor recreational opportunities, and lower costs of living are attracting companies and workers to their communities.
- Access to capital is a very important key to the success of such efforts. Ensuring that a diverse set of capital resources are available to entrepreneurs who wish to start and/or scale business ventures has become a priority for the government and the private sector

POLICY RECOMMENDATIONS

- The case studies highlighted some particularly successful programs and partnerships that have provided support and mobilized investment into companies with high growth potential. However, as the data in this report have shown, more work is necessary, especially in terms of equity capital.

There are a number of policies that the government could undertake and the national, state, or local level.

- Providing incentives for community development groups and funders to increase their presence and efforts in more rural areas could mobilize more capital, both financial and human, to support rural entrepreneurial ecosystems.
- The government could support and encourage different stakeholders: crowdfunding platforms could provide additional support and guidance to rural entrepreneurs; high net worth individuals and family offices could create new local angel groups and provide training and education for new angel investors, as well as investor readiness training for high growth potential startups;
- Venture capital investments in rural areas could be encouraged through reducing risk and information asymmetries by providing education, training, and mentorship to their local entrepreneurs and building a pipeline of investable opportunities to showcase to investors



THANK YOU!

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