



# Money in Place

**Initial Report Back**  
*Harnessing the Power of Financial Capital  
to Create Economic Opportunity  
in Local Communities*

# A Bellagio Fogo Project

## Fall 2024 and Spring 2025

### 1.0 The Challenge

Since the Industrial Revolution, financial practices and regulatory regimes in the Global North have created an economic system that is remarkable at producing wealth, but less successful at sustaining local economies for communities. The resultant loss of local jobs, culture, resilience and autonomy. These losses are sometimes challenging to measure, but their effects are viscerally evident in neighbourhoods in cities and communities of all sizes.

Capital accumulation generates many benefits but it also has the potential to jeopardize the viability of local communities, exacerbating economic inequality and fueling discontent. The economic and social costs borne by these “left-behind” communities include increased crime, poorer health, diminished social cohesion, and rising populism that threatens democratic institutions. Even residents of cosmopolitan metropolitan areas—those who have largely benefitted from the system—recognize the risks posed by growing inequality and the long-term consequences of abandoning local communities. As local economies are eroded, communities lose jobs, heritage, culture, and a sense of belonging.

The prevailing global financial systems appear impenetrable and untouchable, perpetuated by the notion that “it’s just the way the world works.” However, the environmental, economic, and social costs of maintaining the status quo now outweigh the benefits. Recognizing the urgent need for change, the Rockefeller Foundation and Shorefast, supported by the Canadian Urban Institute, initiated a collaborative process to develop a blueprint for reconnecting capital to place. The first convening at the Bellagio Conference Centre in Italy (August 24-31, 2024) addressed the challenge, with a follow-up planned for Fogo Island Inn, Newfoundland, April 30-May 4, 2025.

### 2.0 The Opportunity

Communities—regardless of size—possess unique assets that can be properly developed for both local benefit and global competitiveness. However, the mechanisms to attract and retain capital in place require refurbishment. New strategies and mechanisms are needed to tether capital locally, creating sustainable and generative economies that support long-term community resilience.

Climate events highlight the imperative for communities to build local resilience in anticipation of severe weather. Similarly, local economies must develop their own economic resilience by fostering tools, connections, and investments that anchor wealth in place. Without this, communities cannot effectively participate in the global economy, attend to the well-being of their residents, or ensure their local assets thrive.

In response, two dozen leading thinkers and practitioners convened to discuss the keyways in which capital has become disengaged from local communities, and to identify practices that are proving effective in communities today to reconnect capital to place. Various examples, discussed at the Bellagio sessions, point the way toward scalable, adaptable solutions for fostering local economic opportunity, but there are impediments to their widespread adoption. A subsequent convening in the Spring of 2025 on Fogo Island will focus on articulating specific strategies and tactics for attracting and retaining financial capital in local communities as well as strategies for implementing solutions at scale.

### 3.0 Principles

To inform action planning, the Bellagio sessions distilled a set of guiding principles to inform best practice in strengthening local economies:

#### 1. Everyone's Problem: A Shared Challenge

The challenges faced by struggling communities affect us all. Deepening inequality has far-reaching environmental, social, economic, and political consequences.

#### 2. Invest in Local Assets: to Spur Development

Every community has valuable assets—cultural, social, ecological, economic, and human—that are opportunities for investment, development, and stewardship, and hold the potential for growth and sustainability.

#### 3. Bring Capital to Place: New Instruments at Scale

There are already some mechanisms for retaining and investing local capital, including mechanisms to boost local ownership, to prevent the outflow of resources that impoverish communities. But these – and new structures – need to be developed and more broadly applied to re-attach capital to local places.

#### 4. Enable Innovation at All Scales: Small to Large

Innovations in business and finance are often more easily possible at smaller scales, where risk can be minimized. Once proven, these can be adapted and tried more broadly, to generate maximum impact.

#### 5. Regional, Cross-Sectoral Collaboration: Models for Success

Successful local models of regional collaboration across sectors and regions are demonstrating the benefits of building place-based governance that address unique challenges. Their effectiveness needs to be amplified so that they become more general.

## 6. New Economic Measurements: Beyond the GDP

Metrics that capture local economic activity and leverage tacit community assets are essential to countering out-dated measures that no longer reflect economic realities and progress.

## 7. Subsidiarity Where Possible: Clearer Accountability

Local governments and community institutions are best equipped to address local challenges and should be empowered and resourced to do so, while larger entities are best suited to set broader goals and engage globally.

## 8. Level the Playing Field: New Rules

Identify and remove all subsidies and procurement practices that disadvantage local businesses and communities and deplete rather than strengthen local assets.

## 9. The Role of Philanthropy and Impact Investing: Leading Change

Philanthropic capital is a form risk capital – by definition it must be applied to initiatives that support new approaches to societal challenges that the public sector can't invest in (yet). Investing in tools and frameworks that enable local economies (rather than stymie them) is the essential role for early impact investors to create new norms.

## 10. Leadership Matters: Investing in Local Capacity

Investing in local capacity is critical to economic success, identifying and scaling solutions.

### 4.0 Things That Work: Precedents for Hope

The Bellagio sessions identified a broad array of promising practices.

#### Anchor Institutions: Evergreen Cooperative

In Cleveland, Ohio, anchor institutions like hospitals and universities have transformed procurement practices to support worker-owned cooperatives. The Evergreen Cooperative Laundry exemplifies how local economic strategies can create sustainable jobs, lift people out of poverty, and foster community wealth.

#### Cluster Development

Every community has strengths, what economists might call global competitive advantages. One strategy for economic development is to nurture locally owned businesses with the most competitive clusters, whether they are tourism, the arts and crafts, or manufacturing.

## Community Wealth Building: Preston, UK

The city of Preston, England, has become a global example of community wealth building. By redirecting procurement policies of anchor institutions to prioritize local businesses, Preston has strengthened its local economy, created jobs, and built resilience. This strategy, often referred to as the “Preston Model,” has inspired other cities to explore how anchored procurement can foster economic revitalization.

## Creative Financial Institutions

A wide range of innovative local financial institutions can help keep capital local. These include local banks, credit unions, local investment funds, and Indigenous banking. While there are many models for small financial institutions to succeed on their own, the better approach is to connect them together so that some functions—like legal filings and accounting—are done collectively. Regional institutions, like those in Quebec, can help improve the performance of local partners.

## DIY Communities: NeighborBuilt, Kansas City

NeighborBuilt’s innovative approach to revitalizing Kansas City’s historically Black neighborhoods demonstrates the power of combining cooperative finance with community-centered development. By building homes in cohorts, they create opportunities for collective investment and strengthen neighborhood cohesion.

## Entrepreneurship Programs

Every community has innovators that need support, whether through courses, mentorship, technical assistance, incubators, accelerators, IP protection, maker spaces, or co-working spaces. A growing number of these supports are now delivered through self-financing business models. For example, incubators can cash flow if they take small equity stakes in the companies they incubate.

## Innovative Practices for Institutional Capital

Institutional capital, when guided by thoughtful mandates, can play a transformative role in supporting community development. A compelling example is the dual mandate of the Caisse de dépôt et placement du Québec (CDPQ), which balances financial returns with contributing to Quebec's economic development. This model demonstrates that large pools of capital can achieve competitive returns while also investing in local economies, fostering jobs, innovation, and regional resilience. Although CDPQ invests 73% of its assets globally, its dual mandate showcases how institutional investors can be steered to support place-based economic strategies. Other jurisdictions could adopt similar frameworks by using government levers—such as tax incentives, regulatory adjustments, and public-private partnerships—to align institutional capital with local development goals. This approach would not only mitigate the geographic disconnection inherent in globalized finance but

would also ensure that domestic capital reinforces the socioeconomic fabric of local communities.

### Indigenous-Led Development: First Nations Finance Authority (Canada)

[The First Nations Finance Authority](#) (FNFA) in Canada provides Indigenous communities with access to capital markets for infrastructure and economic development projects. By leveraging their collective creditworthiness, FNFA has enabled investments in housing, renewable energy, and cultural institutions, fostering economic sovereignty and resilience among First Nations communities.

### Innovation Districts

The antithesis of monocultural research parks, innovation districts combine academic institutions, corporate R&D, startups, and entrepreneurial support organizations in mixed-use communities that promote creativity and collaboration. In addition to catalyzing the growth of jobs and businesses, innovation districts incubate new solutions to urgent societal challenges, from combating climate change and infectious diseases to supporting inclusive workforce development and minority entrepreneurship. Districts are also economic hubs that are evolving quickly given the heightened level of strategy formulation and execution on the part of local actors in the ecosystem. As outlined in [The Evolution of Innovation Districts \(GIID.org\)](#), their work has created integrated approaches to leveraging R&D, place, and networking assets, new “collaborate to compete” governance structures, and creative financing mechanisms.

### Leak Plugging

Whereas cluster development focuses on exporting industries, leak plugging focuses on industries that increase local self-reliance. Identifying places where residents unnecessarily spend money nonlocally can highlight opportunities for import substitution. For communities who have exhausted their resource bases through long histories of exports, this strategy might be the only way to grow the economy consistent with ecological and social preservation.

### Local Investment

A healthy local investment ecosystem requires more than banks and funds. It also requires education of grassroots investors about local investment opportunities, and education of local business owners about how to open themselves to local investment. Recent crowdfunding reforms in developed countries have unlocked tens of billions of new dollars for local investment. Progress also requires institutions that can evaluate local securities, facilitate their fair exchange, and place them in pension portfolios. It can benefit from local governments actively promoting local investment as part of their economic-development activities, including through the issuance of municipal bonds. Tax credits for local investment can accelerate this process.

## Locally developed Infrastructure

While national investment in community infrastructure is always welcome, sometimes communities must do this on their own. Local investment in roads, bridges, schools, and internet capabilities—to just name a few—are critical for facilitating local economic development. The use of creative municipal ownership structures, for local utilities or local assets like bridges for example, can help create fee structures that make local initiatives financeable.

## Local Ownership

Mechanisms to enable workers to buy their companies (see [Social Capital Partners](#)), business tenants to buy their buildings, are important ways for wealth and to be accumulated locally.

## Local Food Systems: Vermont's Farm-to-Plate

Vermont's Farm-to-Plate [initiative](#) connects local agricultural producers with schools, restaurants, and retailers, creating robust local food systems. This program boosts local farmers' incomes while reducing environmental impact and fostering food security. Its success demonstrates how regional food economies can thrive with the right policy and market incentives.

## Local training and hiring

The [North Carolina' Research Triangle](#) - has developed a jobs training program for locals that by completion will be hired by the triangle's biotechnology companies. Jobs that usually required BAs and master's degrees waiver those in exchange for participation in the particular training program.

## Placemaking

Every community has dead zones that can be activated into vibrant economic hubs through the tools of placemaking. A good example are the alleyways of Melbourne, which have been transformed over the past generation from cost centers (because of social pathologies of crime, homelessness, drug use) into revenue centers of commerce and the arts.

## Promoting Economic Nutrition: The Work of Shorefast

[Shorefast](#), a charity based on Fogo Island, Newfoundland, has developed a model for "economic nutrition" by fostering a proof of possibility for place-based economies. This approach emphasizes the transparency of financial flows within communities and the reinvestment of profits back into local initiatives. Through social enterprises like the Fogo Island Inn, Shorefast demonstrates how local assets can be leveraged to create sustainable economic opportunities while preserving cultural heritage and ecological integrity.

## Resources Efficiencies

One cost-effective opportunity for import substitution is through efficiency in the use of water, energy, and materials. Every dollar saved is a dollar gained by the economy. This idea drives the larger field of circular economies.

## Raising Social Standards

The global movement to raise the social standards of business—through the B-Corp certification process and other ESG initiatives—holds tremendous, untapped opportunities for economic development. Many of the core goals of these standards, such as promoting higher wages and more local procurement, lead to increased local multipliers for business.

## Tax Reforms

Shifting local taxes from burdening things we want more of (like income and sales) to things we want less of (like pollution, energy use, and waste) can provide important sources of revenue for communities. For example, local taxing of wastes in South Australia has given the state a healthy financial surplus.

## 5.0 A Way Forward

To sustain thriving local economies, communities need governance, tools, and policies that prioritize and enable localization. Strategies for attracting and retaining capital in place include:

- Developing local governance frameworks and financial mechanisms.
- Developing methodologies for identifying and mapping local assets and local economies.
- Creating knowledge hubs and best-practice templates.
- Building local capacity through training and collaboration.
- Advocating for policy reforms, such as tax incentives and procurement changes, to support local investment.
- Identifying pathways for deploying the proven – and new-structures and mechanisms for tethering financial capital across different scales.

The second convening on Fogo Island (Spring 2025) will refine these strategies and confirm the resources needed to implement them.

## 6.0 Glossary

### **Asset-Based Community Development**

An approach to community development that focuses on identifying and leveraging the existing strengths and resources of a community rather than its deficiencies.

### **Asset Class**

A category of investment, such as stocks, bonds, real estate, or commodities, that exhibits similar characteristics and is subject to the same laws and regulations.

### **Capacity Building**

The process of developing and strengthening the skills, resources, and abilities of individuals and organizations to achieve their goals and sustain long-term growth.

### **Capital Stacking**

The combination of multiple sources of funding (grants, loans, equity) to finance a project or initiative, often used in community development to align public and private interests.

### **Community Mapping**

The process of identifying and analyzing the assets, challenges, and opportunities within a community to inform planning and decision-making.

### **Community Wealth Building**

An approach to local economic development that focuses on retaining and circulating wealth within communities through locally owned businesses, cooperative enterprises, and inclusive economic strategies.

### **Economy-Shaping Money**

Capital deployed in ways that influence the structure and trajectory of local or regional economies, such as investments in infrastructure, education, or key industries.

### **Financial Intermediary**

An institution that facilitates the flow of funds between savers and borrowers, such as banks, credit unions, and investment funds.

### **Judgment Capital**

The expertise and decision-making ability of investors and institutions in allocating financial resources effectively, particularly in complex or uncertain environments.

### **Local Investment Ecosystem**

A network of financial institutions, investors, and community organizations that work collaboratively to fund and support local businesses and initiatives.

### **Industrial Economic Development**

The strategic promotion of industries in a region to stimulate economic growth, create jobs, and increase competitiveness in the global market.

### **Impact Investing**

Investments made with the intention of generating measurable social and environmental benefits alongside financial returns.

### **Innovation Districts**

Urban areas designed to foster collaboration among academic institutions, businesses, and startups, combining mixed-use spaces with a focus on research, entrepreneurship, and creativity.

### **Risk-Adjusted Returns**

A measure of the return on an investment relative to its risk, allowing for comparison between investments with different levels of risk.

### **Smart Localization**

A framework for aligning local resources and expertise with broader economic and environmental goals to create sustainable, place-based solutions.

### **Sustainable Economic Development**

Economic growth that meets the needs of the present without compromising the ability of future generations to meet their own needs, prioritizing environmental stewardship and social equity.

### **The Fogo Process**

The Fogo Process, pioneered in the 1960s, is a participatory method of community engagement using documentary filmmaking to empower local voices. This approach fosters dialogue, collective action, and the development of locally informed solutions, serving as a model for inclusive community development worldwide.