Capacity Building Projects

This document provides specific guidance for **capacity-building projects** per ARC's Strategic Plan, Goal 5.2. Applications may include multiple activities as part of a single project; ARC encourages applicants to review the specific guidance for each type of activity included in an application.

All application guidance is grounded in the goals and principles of ARC's current strategic plan, which emphasize strategic focus, collaboration, sustainability, and measurable impact in investments that support economic growth in the region.

Capacity building projects funded by ARC can generally be divided into three categories: **community**, **organizational**, and **individual** capacity building. Some projects, however, may fall into more than one of these categories. Project activities vary and are based in part on whether the project is driven by an individual, organizational, or wider community need while all activities serve to advance capacity levels in sustainable and measurable ways.

Generally, ARC categorizes capacity building under Goal 5 of its strategic plan; however, capacity building and development activities may be a component of projects under other goals.

Examples of eligible activities typically associated with each category of capacity-building projects:

Community Capacity-Building projects include, but are not limited to:

- Identifying and/or implementing strategies that can be replicated in communities that will ultimately galvanize the region towards greater capacity to further economic development. This can include but is not limited to:
  - Coalition building, network development, stakeholder engagement, and partnership management
  - Collaborating with other organizations to improve services, create efficiencies, and eliminate duplication
  - The delivery and sharing of tools, resources, and training developed by technical assistance providers and subject matter experts
  - Expansion of best practices and leveraging successful models and strategies
- Contracting out a service, such as for the development and/or implementation of an economic development plan.
  - Planning for and/or implementing economic/community development projects that directly engage community members (e.g. community-led planning process; community-led downtown revitalization projects, etc.)

Organizational Capacity-Building projects include, but are not limited to:

- Hiring employees, whether full-time, part-time, temporary, or contracted*
- Fringe benefits for staff members or other persons provided a salary by the organization
- Activities encouraging employee retention
- Contracting out a service, such as for comprehensive, master, or strategic plans, consulting services, project management, etc.
- Development of internal plans/evaluations/assessments (e.g. preparing for financial audits, developing employee manuals, designing processes and procedures, etc.)
- Relevant formal training/professional development for key staff of the organization or board members/political officials, such as in accounting, fundraising, grant writing, IT, project management, community engagement, grant management, financial management, nonprofit governance, etc.

More Information

For general guidance on how to develop a complete and competitive application for ARC project funding, all applicants should refer to the application framework and instructions detailed in the *Checklist for ARC Non-Construction Project Applications* form or the *Checklist for ARC Construction Project Applications* form, as appropriate, available in the applicant resources section of our website.

Applicants should also consult their ARC State Program Manager*, their state's Appalachian Development Plan* and Annual Strategy Statement* for additional information.

*This information can be found HERE by navigating to the page and clicking

- Long-lasting supplies or equipment that will enable the organization to move to a new level of operation, such as computers/IT systems, and other capital-intensive items.
- Software or internal systems (e.g. project management, HR management, accounting, customer relationship management, etc.)

Individual Capacity-Building projects include, but are not limited to:

- Strengthening the skills, resources and abilities of staff of local organizations and community leaders to grow and thrive, thereby furthering their capacity to contribute to the development of their organizations, and economic development of their community and/or region as a whole. This can include but is not limited to:
  o Training, mentorship and skills development of staff
  o Expertise and skills development which could focus on the ability to apply for and/or manage grants, improve skills related to effective program and service provision, or contribute to overall economic and community development
  o Leadership development projects

Key Principles of ARC Capacity Building Investments

As outlined in ARC's strategic plan, activities should be strategic, collaborative, sustainable, and impactful.

Strategic:

- **Community capacity** building projects should target gaps in local economic sectors which are defined in economic development plans for the targeted geography; **organizational capacity** building projects should target internal human resource, organizational infrastructure, or material deficits which have been identified as necessary for the operation or expansion of the organization; **individual capacity** building projects should address advanced skill-development opportunities which would have a direct and positive impact on the successful management and overall growth of one's community or organization.
- It is imperative that applicants cite data and other research that demonstrates evidence of need for a proposed project and include this information in a strategic rationale. This might be data that is internal to the organization (i.e., percentage of clients that deal with x issue, external evaluations, customer feedback, board self-evaluations, audits, etc.) or data that is cited from a credible source.

Collaborative:

- Capacity building projects should align with existing resources within the provider's organization and across organizations, complementing and/or enhancing ongoing efforts.
- Partnerships should be demonstrated through **letters of commitment** that specify each individual/organization's role(s) and responsibilities and membership/participation on relevant steering and development committees, if applicable.
- Capacity building project applications, especially for individual and organizational capacity building projects, **must demonstrate an understanding** of how advancing the capacity of beneficiaries will contribute to and fit within the economic development of the community at-large. No organization or individual works in a silo; applicants should consider their impact on broader trends.

Sustainable:

- Ideally proposed projects should have a **diverse funding strategy** that does not rely solely on grants to maintain operations after the ARC grant period has ended. The funding strategy could include tuition or fees for service, support from local industry, and/or funding from an institution's annual budget.
- Applicants may be asked to submit a **business plan** that outlines a post-ARC project operations strategy.
- Applications involving hiring will be asked to include with their application a specific plan for how the organization **plans to retain** the hired person(s) after grant funds are expended. The plan should include several specific options for funding the position(s) and upon what they depend (e.g. grant funding approval, city council or the Board of Directors approving the annual budget, the success of a fee-for-service model, etc.)

Impactful:

- As detailed in ARC's Guidance on Performance Measures, projected outcomes should be an absolute number, not a range or percentage. Suitable measures include:
  o **Community Capacity -** Communities improved (outcome), Communities served (output), Plans/Reports (output), Programs implemented (outcome)

- o **Organizational Capacity -** Organizations improved (outcome), Organizations served (output), Plans/Reports (output), Jobs Created (outcome), Workers/trainees Served (output), Workers/trainees Improved (outcome)
- o **Individual Capacity -** Participants improved (outcome), Participants served (output), Plans/Reports (output), Students improved (outcome), Students served (output)

Other Considerations

- **Community capacity** building projects are external-facing projects that have a direct benefit/impact on the community being served by the project activities.
- **Organizational capacity** building projects are internal-facing projects that have a direct benefit/impact on the organization(s) being served by the project activities. This is typically the applying organization.
- **Individual capacity** building projects are those projects whereby the benefit/impact on a community or organization results from developing or strengthening the skills of the individual. Project activities generally target those in leadership roles.
- Applications for projects involving hiring permanent staff must include a sustainability plan for maintaining the position(s) after grant funds have been expended.

Additional Resources

- ARC State Program Managers https://www.arc.gov/state_partner_role/state-program-manager/
- ARC State Strategy Statements https://www.arc.gov/state-plans-strategies/
- Information on Capacity-Building as an ARC Investment Priority https://www.arc.gov/investment-priority/building-community-leaders-and-capacity/
- Comprehensive Data/Research offered by the U.S. Census Bureau www.census.gov
- Data, Tools, and related Resources offered by the U.S. Government www.data.gov