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NEW ECONOMY COALITION

Lessons from Appalachia

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Written in response to the question: How do we transition to a renewable economy without leaving the workers, young people, and communities most impacted by extractive industries behind? How can the work we do today to build just and sustainable economies combat systemic racism, economic inequality, and patriarchy?

Concerns over climate change and dependence on fossil fuels has spurred a growing movement by investors to divest from fossil fuels and invest in more sustainable, fossil-free and low-carbon opportunities. However, the ramifications of such a transition will be greatest on the communities most reliant on those extractive industries. In particular, the Appalachian region, which has historically been dependent on coal, is feeling the economic reality of coal's collapse, particularly in the context of the shale gas boom. Appalachia is experiencing accelerating job losses and economic distress in its coal communities, leaving miners without the proper tools to find alternative employment opportunities. Fortunately, many local and regional actors are working aggressively to ensure that this "Appalachian Transition" away from coal dependency is also a "just transition;" one that builds resilient communities, creates local wealth, and stimulates good jobs in diversified economic activities that sustain natural systems rather than undermine them.

In addition to the increasing numbers of investors grappling with divestment, many are also turning to the question of re-investment, i.e., into what fossil-free alternatives should they be investing. With the Divest-Invest initiative launched this year, foundations, individual investors, and allies have begun to articulate their commitment to divestment from fossil fuels as part of a larger pledge to also reinvest in climate solutions and a new energy economy. In other words, investors are not simply selling off their fossil fuel stocks and bonds, but also proactively seeking investments in low-carbon alternatives. While the nature of this investment remains very loosely defined, it will most strongly influence the communities currently involved in the extractive industries.

Croatian Institute, an independent institute for advanced social and environmental research and engagement, has been working with a number of partners, including with the Center for Rural Entrepreneurship and Tellus Institute as part of the WealthWorks initiative, to find ways to attract these types of alternative investments into the communities that need them the most. This work has focused on injecting different forms of financing into local rural value chains which currently face gaps in capital, a common challenge in communities formally dominated by extractives industries. By investing in a place-based way, wealth stays in the communities in which it is created and increases economic resilience. For example, the Federation of Appalachian Housing Enterprises (FAHE) is seeking opportunities to link its work in green affordable housing to impact investors seeking positive and social, in addition to financial, returns. Slow Money has taken a similar approach, by moving money from Wall Street to Main Street and providing an opportunity for investors and entrepreneurs to form human connections. In both cases, it is important to provide the appropriate form of financing depending on the entrepreneur's level of investment readiness. By shifting from fossil fuel divestment to fossil-free, place-based reinvestment, investors can be a part of a just transition focused on building local, cultural, social, and financial wealth.