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Accelerators partner to build rural equity funds for startups

By [Business Record Staff](#)

An Ames-based microenterprise foundation has received funding to launch an initiative called the Iowa Rural Equity Project, which aims to create three new sources of equity capital to support new rural agribusiness and energy-related companies.

The Iowa Foundation for Microenterprise and Community Vitality on Wednesday received a \$300,000 Regional Innovation Strategies (RIS) grant for the program from the U.S. Department of Commerce. That seed money, with a local match of \$300,000, will be used to hire a staff to develop an equity fund, an angel investor network and a charitable equity endowment fund, with a goal to raise a total of \$30 million in capital for the funds.

The funding is part of \$17 million in [RIS grants](#) made by the Commerce Department's Economic Development Administration to 42 organizations in 28 states.

Also receiving federal funding Wednesday was a collaboration between Iowa State University and several startup programs that will focus on filling a gap in accelerator programs for startups commercializing food-technology innovations. At the end of that project, which received a \$406,569 grant, ISU expects to support 60 new companies that will launch 15 new innovations or technologies, raise \$9 million in private investments, and create 120 jobs.

The Iowa Rural Equity Project will address a need for more equity capital in rural communities, said Mark Edelman, an Iowa State University economics professor and director of the Community Vitality Center at ISU. The center is a partner in the program with the Iowa Foundation for Microenterprise and the Ag Ventures Alliance.

"At this point, some communities across the state have small funds," Edelman said. "Probably the best example of a successful community fund is the Ames Seed Capital Fund. What we plan to do is determine the feasibility and organize a network of community funds to save money and partner with like-minded funds."

The collaboration began a year ago when the three organizations received a U.S. Department of Agriculture rural development loan to develop a Rural Ventures Accelerator program.

Edelman said he anticipates one of the next steps will be formation of a statewide steering committee focused on rural equity capital.