



Highlights of [GAO-08-1123](#), a report to congressional requesters

Why GAO Did This Study

The Small Business Administration (SBA) and the Rural Development offices of the U.S. Department of Agriculture both work in rural areas to foster economic development by promoting entrepreneurship and community development. This report discusses (1) the complementary nature of some SBA and Rural Development programs and the extent to which it provides a rationale for the agencies to collaborate, (2) past and current efforts by SBA and Rural Development to work together and with other agencies, and (3) opportunities for the agencies to improve their collaborative efforts. In completing its work, GAO analyzed agency documentation and prior reports on collaboration, conducted site visits at locations where SBA and Rural Development were working together, and interviewed agency and selected economic development officials.

What GAO Recommends

To improve SBA and Rural Development's efforts to work together, GAO recommends that the agencies establish a formal approach to encourage further collaboration. Both agencies provided technical comments on a draft of this report, which have been incorporated into GAO's final report where appropriate.

To view the full product, including the scope and methodology, click on [GAO-08-1123](#). For more information, contact William B. Shear at (202) 512-8678 or shearw@gao.gov.

RURAL ECONOMIC DEVELOPMENT

Collaboration between SBA and USDA Could Be Improved

What GAO Found

The complementary nature of some SBA loan programs and Rural Development business programs provides a rationale for the agencies to collaborate. SBA and Rural Development have similar economic development missions, and their programs provide financing for similar purposes, including start-up and expansion projects, equipment purchases, and working capital for small businesses. According to SBA and Rural Development officials currently involved in collaborative working relationships, working together allows the agencies to leverage the unique strengths of each other's programs, increase the number of financing options available to borrowers in rural areas, and ultimately better promote economic development in these areas.

However, collaboration between SBA and Rural Development to date has been sporadic and mostly self-initiated by officials in field offices. GAO found that the extent of the collaborative efforts and use of formal agreements such as memorandums of understanding (MOU) varied across locations. The two agencies worked together frequently in a few locations, infrequently in others, and not at all in many locations. The SBA and Rural Development offices in North Dakota that GAO visited collaborated frequently and had formal agreements in place. Officials there established an MOU with other community development organizations to provide "one-stop" shopping assistance to borrowers at a single location. The SBA and Rural Development offices in Nebraska and New Mexico that GAO visited worked with each other less frequently and more informally, conducting community outreach sessions and holding periodic meetings and joint training sessions. But many other locations—about half of SBA and Rural Development's field offices—did not appear to be collaborating at all or to have an established framework to facilitate collaboration.

Opportunities exist for SBA and Rural Development to improve their collaborative efforts. In an October 2005 report, GAO identified key practices that could help federal agencies enhance and sustain their collaborative efforts. In comparing SBA and Rural Development's efforts with these criteria, GAO found that the agencies could take steps to improve their efforts by implementing a more formal approach to encourage collaboration. This approach would provide the agencies with a mechanism that reflected several of GAO's key practices—to define and articulate a common outcome, agree on roles and responsibilities, monitor key progress and results, and reinforce accountability for collaborative efforts. With such an approach, SBA and Rural Development could more effectively leverage each other's unique strengths and help to improve small business opportunities in rural communities.