

History of CEI: A Rural Community Development Corporation

The impetus for Coastal Enterprises, Inc., came in the mid-1970s from a few people who had the imagination to pursue a Title VII application to the federal government to establish a community development corporation in Maine. The organization's purposes - to make investments in small businesses, create employment, and develop the state's natural resource industries - have remained the same. What has changed is that CEI is now a recognized community development finance institution capable of funding diverse small businesses, affordable housing, and community facilities not only in the state of Maine, but, increasingly, across New England and beyond.

Title VII funding did not come through, but the idea took hold. A CDC had started in Vermont two years earlier and the possibility of a "tri-state" CDC for Vermont, Maine, and New Hampshire or a CDC focused entirely on development of Maine's fishing industry was compelling to the state's Office of Community Services and project consultants Michael Mastronardi, an attorney (now a publisher), and Richard McGoldrick, a business consultant (now a real estate developer). During this period, planning was underway at the state level for Maine Development Foundation, a public-private partnership to rally leadership around Maine's pressing economic issues, and a related entity, Maine Capital Corporation, to provide venture capital to small businesses. An environment supportive of the development spirit was evolving in the state.

Ron Phillips was newly arrived in Maine from New York City. For several years after graduating from Union Theological Seminary, he had worked on domestic and international economic development issues at the National Council of Churches and then at the Interfaith Center for Corporate Responsibility. The potential for organizing a new CDC in the midcoast region captured his imagination. In lieu of the parish ministry toward which he had been heading, Phillips saw opportunity in a grassroots CDC aligned with his experience, values of social justice, and interest in Third World development. Maine at the time had little infrastructure to grow the state economy; it was undeveloped and dependent on outside-owned corporate interests, military contracts, and transfer payments.

Coastal Enterprises was incorporated in Bath, Maine, in 1977 with no balance sheet - a start-up with a big need for investment capital to meet big goals. Initial funding came from two midcoast, regional Community Action Agencies. Small grants arrived from varied sources, many of them faith-based organizations to which CEI attributes much of its early support. These included the United Methodist Church, the American Baptist Churches, the Presbyterian Church (USA), the Episcopal Church, Heifer International, and the U.S. Conference of Catholic Bishops. Local county commissioners' offices in Knox, Lincoln, and Sagadahoc Counties, which handled the Comprehensive Employment and Training Act (CETA) public service programs for the unemployed, also were invaluable because they supported CEI employees and their capacity to build the organization. The idea of a public-private partnership, which today is very familiar, was new then but already fully in motion.

CEI's geographic territory initially was the midcoast Maine region stretching from Freeport to Camden. The young organization developed along the lines of the classic CDC governance model with a membership base electing the majority of board members - a structure still intact at CEI - and the balance being appointed members representing the community, including bankers, fishermen, farmers, small business owners, and representatives of people with low incomes. CEI's development strategy was "to ameliorate the conditions of poverty by creating income, employment, and ownership opportunities," in the language of the Title VII amendment.

Today our reach extends across Maine, our primary market, and, increasingly, throughout northern New England, nationally, and internationally. In 1997, we launched the international Practitioners Working Group on Community Economic Development (PWG), which is increasingly active in Eastern Europe and other emerging economies in an effort to build the global CDC/CDFI industry.

We are multifaceted in our investments, technical assistance, economic sectors, and policy work. It has taken years of experimentation and challenge to reach this point. Yet the knitting together of issues and strategies that occurs in our present work was inherent in the early years. We have circled back to our roots by embracing sustainability as the overarching philosophy for our future. Sustainable and healthy communities require an economy that enhances human lives, nurtures aspirations, and safeguards the natural resources on which they depend.

To provide better access to CEI services, we have developed community-based offices in Augusta, Bangor, Fairfield, Farmington, Lewiston-Auburn, Portland, Sanford/Springvale, and Unity. These, together with our main office in Wiscasset, help us stay close to and interact with the people and communities with whom we work. This "place-based" approach is one of the original concepts of the CDC industry. We have worked collaboratively from the beginning, forming coalitions and pursuing state and federal appropriations. Financing has been the foundation of our interventions. But also, we have always provided significant technical assistance to small businesses and trade associations, a practice that evolved into our present programs supporting the farming, fishing, and forestry sectors; small businesses and microenterprises; family and center-based child care providers; refugees and new immigrants; employment opportunities

and workplace policies; and many others.