

MOUNTAIN ASSOCIATION FOR COMMUNITY ECONOMIC DEVELOPMENT

Berea, Kentucky

The Mountain Association for Community Economic Development (MACED) was formed in 1976 by ten community development organizations to improve the quality of life in mountain communities, particularly that of low-income residents. Its work encompasses the 49 eastern Kentucky counties served by the Appalachian Regional Commission.

These communities face serious economic, social and environmental problems. Of the 49 counties served, 38 are classified as distressed. Nearly 25,000 jobs have been lost in the state since 1979. The number of farms has declined from 267,000 to just 88,000 since 1940. Poor agricultural, mining and logging practices have left a toll on the environment throughout the state. The population of the area generally lacks the education and skills to become more employable. Only half the adults 25 and older have high school degrees, and deep divisions remain between the haves and have-nots.

Over the years MACED has developed programs to facilitate economic renewal and to increase the capacity of local citizens to build more sustainable, equitable and prosperous communities. Its staff of 23 draws on its expertise in finance and leadership development, community organizing, environmental issues, business, law, and education. Its Board of Directors represents the broad diversity of this region. Its annual operating budget is around \$1 million; the revolving loan fund, \$3.5 million. Funds are derived from government grants, private foundations and income from investments and consulting fees.

Economic transitions and transformations

■ Community Economic Development

MACED is best known for its work in communities to improve their economic base. Its business development program

supports projects to help low-income people which private banks will not finance. Over the years, MACED has helped to create more than 600 jobs through \$8 million in investments in 20 enterprises, such as secondary wood manufacturing processes and more efficient mill operations. It works with entrepreneurs and small businesses and helps to create flexible manufacturing networks that help small businesses work together on joint purchasing, training programs and collective marketing. Government funding from such programs as the Discretionary Grants Programs of the Office of Community Services (OCS) has



played a key role in helping companies become more competitive.

One successful example of MACED's ability to provide a timely infusion of capital and ongoing technical assistance is the B & H Tool Works, Inc., a tool and die manufacturer in Richmond, Kentucky. Begun in 1979 by two men in a garage, it grew to \$150,000 in revenues by 1984. It sold common stock to its employees, bought five acres and constructed a 1,200 square foot building. By 1985 they had 18 employees and sales of more than \$212,000. To take advantage of market opportunities they needed to raise capital. MACED provided a \$100,000 capital loan when no other source was available. They also offered technical assistance with a business plan and counseling on information and computer systems to help track costs and market opportunities. They later were able to obtain a grant from the OCS for \$279,000.

Today B&H employs 115 people full-time in high skill jobs. Its sales in 1995 are anticipated to be \$6 million. Over one-third of its workers earn \$40,000 or more, which is double the average for the workers in the area. The company, in turn, has benefitted the region and the state and federal governments: the original OCS investment of \$279,000 returns an estimated \$37,500 to the city and county, \$125,000 to the state and \$375,000 to the federal government

each year through payroll taxes.

■ Kentucky Local Governance Project (KLGP)

Since 1991, the KLGP has worked at the grassroots level in nine counties to help citizens make local government more responsible, accountable, open and democratic. It encourages governments to solve local problems: repairing unsafe roads, cleaning up polluted waterways and dumps, providing public transportation to underserved areas, and enhancing parks and recreation areas. It has also been effective in opening up opportunities for public participation in governmental processes.

To help citizens become more informed about their communities and better able to participate in local decision-making, MACED conducts workshops using an adaptation of the Rocky Mountain Institute's Economic Renewal model workshop and a compendium of case studies. These workshops have been particularly effective in attracting much wider community representation in discussing economic alternatives, a traditionally closed process.

In these workshops, participants identify assets and needs within the communities and analyze case studies for their applicability to their specific communities. In the course of the workshop they are asked to list a number of proposed projects. In recent workshops facilitators, Don Harker and Liz Natter, have added the issue of sustainability by asking participants to identify and incorporate sustainability indicators into their thinking processes about which local enterprises might work. They have also added follow-up workshops to define the next steps, timelines and areas of responsibility. In addition, the Local Governance Project has provided the ongoing technical assistance that is key to future implementation.

The KLGP also provides small stipends (roughly \$2000/year per group) to undertake special projects such as creating summer youth programs, improving a community center, or providing scholarships.

Generating new initiatives

Over the years MACED has been instrumental in helping to form new organizations that complement its work. *Forward in the Fifth* is a group dedicated to educational quality in eastern and southern Kentucky. By working with local affiliates that engage a broad cross-section of the community, this group has helped to enhance education through mini-grants to

teachers, student attendance improvement and parent involvement programs. Since 1986 it has supported local organizations, organizing over 2000 members in 39 counties affecting local schools that enroll over 170,000 children.

Another representative organization, the Women's Initiative Network Groups (WINGS), was formed by three women entrepreneurs to help women in eastern Kentucky build skills and businesses through life assessment and business training workshops.

Sustainable Communities Initiative

In recent years MACED has built upon the effectiveness of its past economic development work to incorporate more fully the principles of sustainability that recognize the interdependence of ecology, economy and equity. Instead of simply looking at ways to create jobs, they are examining opportunities to build a coordinated civic infrastructure in two counties that will enable citizens to determine the future of their communities.

In 1995 MACED plans to launch a five-year Sustainable Communities Initiative in Letcher and Owsley counties that will demonstrate how developing social capacity can inform and lead to sustainable development. The economy in the two counties centers on coal and agriculture. Owsley is Kentucky's poorest county. With a poverty rate of 52.1 percent, it is largely made up of small farms that grow tobacco. But its strength is in its active citizen groups, some of which have participated in the Economic Renewal workshops and are ready to diversify the economy. Letcher is a coal county with 31.8 percent living below the poverty level. It has two notably progressive institutions, its local newspaper and Appalshop, a nationally-recognized media center.

The Sustainable Communities Initiative will address fundamental problems and opportunities in an integrated environmental, economic, and social approach that makes efficient use of resources. It will demonstrate the benefits of moving away from an economic growth model to one that improves peoples' lives while reducing the use of natural resources. MACED will work together with many local organizations as well as with other non-profit groups that have special expertise. Both counties will work together and develop linkages to other communities as well as to state, local and national agencies.

MACED plans to develop a guide about sustainable development and social capac-

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Scope: Regional
Inception Date: 1976
Participants: Residents, nonprofit organizations, businesses, government officials
Project type: Comprehensive community development, leadership development/training, public education
Methods used: Technical assistance, training, education, revolving loan fund
Lessons learned: Importance of residents in building sustainable communities. Necessity of developing social capital including relationships among people and organizations. Recognition of how much we need to learn about sustainable community development.

ity for public education. This will complement its previous publication, *Where We Live: A Citizen's Guide to Conducting a Community Environmental Inventory*, authored by Don Harker and Elizabeth Ungar Natter, and a forthcoming primer on sustainability for the general public.

Challenges

Two of the ongoing challenges are finding entrepreneurs with the skills, vision and willingness to undertake new approaches and developing the social capacity for community sustainability. MACED's programs and new initiative are specifically targeted to address these needs.

All of MACED's work is intended to guide communities toward more sustainable development. Through local capacity building, technical assistance, education and public outreach, MACED is helping citizens and businesses work together to develop new approaches that improve their quality of life.

—CONCERN, Inc.

UPDATE

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MACED's five-year Sustainable Communities Initiative is in its second year of working with action teams in Kentucky's Owsley and Letcher counties to improve the ability of local citizens to cooperate for the common good. The Initiative is developing a process for making community development decisions that consider the long-term effects on the economy, ecology and equity of communities. Both county teams have developed values and principles and used consensus-based processes to guide their decision-making. Action team members are learning to look at development decisions holistically and to anticipate the long-term consequences of their choices.

Representative developments in Owsley county include: the establishment of a credit union to serve Action Team members; an Individual Development Account demonstration program designed by low-income residents; a business network; an Eastern Kentucky Goat Producers Association; a new data processing facility which has created 150 jobs; and a fund to provide incentives to improve high school graduation rates. The fledgling Letcher County action team has published a guide to community resources; started a Growers Market; and agreed to become a partner in the North Fork Clean Water Project, a program aimed at providing wastewater solutions to improve the quality of the headwaters of the Kentucky River.

The Action Team approach is described in *Communities By Choice: A Guide to Sustainable Community Development*, a booklet published by MACED in 1997 to provide background information and steps to building sustainable communities. Thousands of copies have been distributed. As a next step, MACED plans to develop Communities by Choice Action Learning Institutes for peer-to-peer training to share lessons learned among groups working to change their communities. In their annual report MACED concludes that local residents learn best by "working together to find solutions to local problems and by taking advantage of opportunities created through new relationships."

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