

STATE OF HAWAII

HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM



ANNUAL REPORT TO THE TWENTY-FOURTH LEGISLATURE

2006 - 2007

Hawaii. Dept. of Business, Economic Development and Tourism. Strategic Marketing and Support Division.

Community-Based Economic Development Technical and Financial Assistance Program. Annual report. Honolulu: 1996-

1. New business enterprises-Hawaii-Finance.
HD62.5.H28.2006-2007

The Hawai`i CBED Program and Revolving Fund

The Hawai`i Alliance for Community-Based Economic Development (HACBED) was established in 1989 by a group of community development practitioners. HACBED formulated strategies for the State government to support community-based organizations (CBOs) that wanted to create economic development initiatives. These efforts resulted in program legislation to provide financial and technical assistance to local groups. The Legislature created a CBED Program in the Department of Business, Economic Development & Tourism with Act 111, SLH 1991, codified as Chapter 210D, Hawaii Revised Statutes. The legislation created the CBED Advisory Council and the CBED Revolving Fund with an appropriation of \$900,000 in 1991.



Senator Akaka at the Opening of the Papakolea Community Development Corporation Technology Center

Today, more than ever, Hawaii must move to a new economy. The forces of globalization are creating great changes in the world economy and Hawaii's isolation alone might make the islands more susceptible to these effects. CBED strategies and practices can provide the infrastructure for a new sustainable economy. The new economy is based on decentralization, networking, human resource development, innovation, soft relationships and new opportunities.

The foundation created by CBED leads to long term capacity for local communities and people, and provides backward linkages to ancillary firms to sustain and expand the main sectors of the economy. The importance of the community sector, of innovation, and of the new economy have been recently underscored also by the awarding of the 2006 Nobel Peace Prize to M. Yunus and the Grameen Bank for the role of micro-credit to create real economic and social development at the grassroots level. As the Governor stated in her inaugural address, Hawaii's economy is in need of true diversification. CBED is a practical way to achieve a true restructuring of Hawaii's economy. As the old economic engines become obsolete, the state must look for new alternatives. CBED is a key strategy for not leaving behind the lower income urban and rural communities in the State of Hawaii.

The Need for a CBED Strategy

Community Based Economic Development (CBED) is a strategy for addressing the needs of low – income communities. CBED has been implemented in the United States for the past 40 years. As the dialog about incorporating ahupua`a values and watershed management into present day Hawai`i continues, CBED stands out as a necessary strategy to achieve those goals by bringing community empowerment and access as well as conservation to local resources. CBED is a proven strategy that is different than traditional economic development because it emphasizes community reinvestment and opportunities. CBED is a complete process that not only addresses a community’s economic needs but its social needs as well. CBED strategies help maintain Hawaii’s cherished quality of life for its residences for the long term while community-based organizations (CBOs) provide social services and ecosystem services that make a locality attractive to new appropriate local economic development.

The CBED Revolving Fund

The CBED Revolving Fund allows for the CBED Program to assist eligible CBOs with financial and technical assistance.

Unfortunately, the appropriated money to the Revolving Fund has decreased annually since the initial appropriation in 1991. As a result CBED’s monetary resources for CBOs have decreased.



Kau Coffee Cooperative

Despite the decrease in funding, the CBED Program continues to support many important community efforts state-wide. Survey data indicates that more funding would only improve CBED’s services to Hawaii residents and in-turn strengthen Hawaii’s economic self-sufficiency and sustainability as a whole.

CBED's Activities

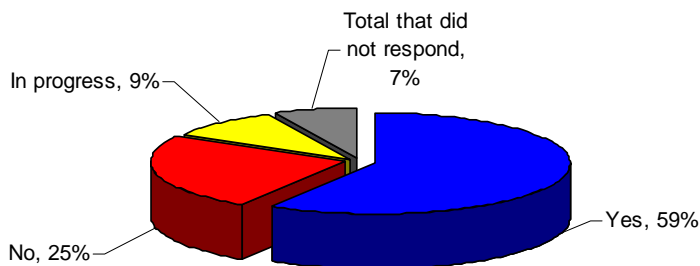


*Community Connections
Workshop HABED*

When asked for suggestions of how the CBED Program could improve services to community-based organizations, the majority of respondents asked for more outreach and extension. There were also requests for more publicity, public relations activities and marketing so that more community-based groups would know about the CBED Program and its services. Other requests included: access to the State's research and development information and for more funding to be made available.

All of the community organizations contacted want the CBED program to continue. More money allocated to the revolving fund is a key factor for the program to grow and give stronger assistance to the community-based organizations in the areas identified above.

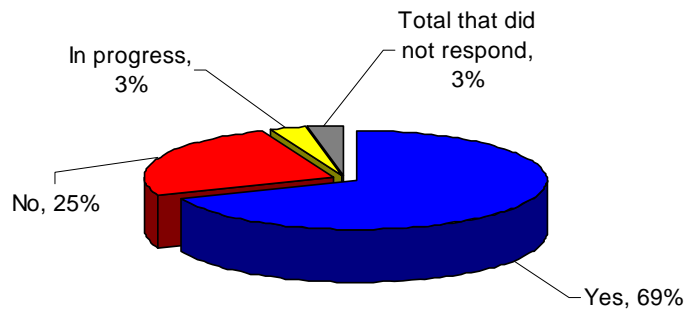
Figure 3: Developed a Feasibility Analysis

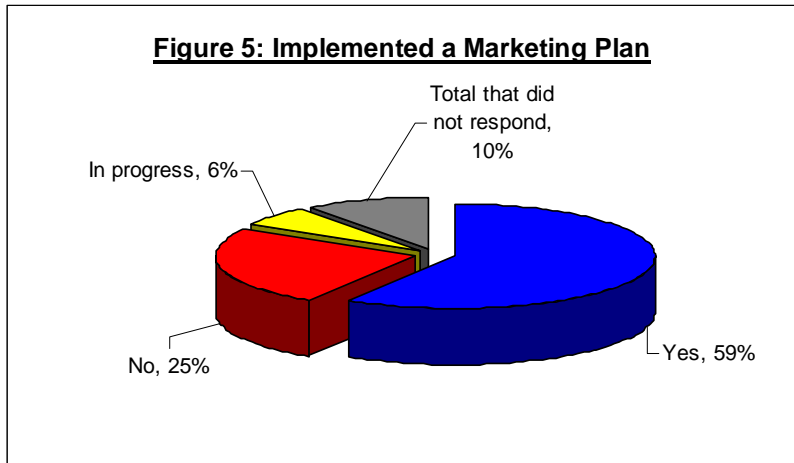


CBED assists community-based organizations at many stages of development whether they are just starting with a feasibility analysis for a project or ready to implement a business plan.

The CBED Program provides the monetary and technical assistance to help CBOs grow by creating feasibility analyses, business plans and marketing plans.

Figure 4: Implemented Business Plan





As shown in figures 3 – 5 well over half of the community-based organizations surveyed were able to implement a feasibility analysis, business plan and/ or marketing plan.

CBED Revolving Funds in 2007:

In FY 2007, the CBED Revolving Fund received no appropriation and was begun with a beginning balance for the year of \$2,155. As a consequence of the low amount of funds available, the program gave no grants or loans out during the fiscal year.

Revenues for the CBED Revolving Fund in FY 2007 totaled \$57,120 from the following:

- Loan Principal Repayments.....\$ 3,165
- Loan Interest Payments.....\$ 105
- Investment Pool Earnings.....\$ 3,850
- Transfer (DBEDT).....\$50,000

In FY 2007, the following community-based organizations did not complete their CBED grant agreements or did not require complete grant funding, resulting in \$19,356 of CBED grant funds being returned to the CBED Revolving Fund:

- Hawaii Farm Bureau Federation.....\$ 4,656
- Council for Native Hawaiian Advancement.....\$ 2,000
- Lokahi Pacific.....\$ 4,950
- Hale Ku`ai Cooperative.....\$ 4,750
- Waianae Business Center.....\$ 3,000

The CBED Program’s technical assistance initiatives in FY 2007 included:

- a. Co-Sponsorship of an economic development conference with the Office of Hawaiian Affairs. The program included informational sessions on technology jobs in Hawaii, robotics, and financial assistance to communities. The conference

was attended by more than 300 individuals, representing more than 100 community organizations and agencies.

- b. Sponsorship of one-on-one technical assistance to community-based organizations conducted by the Hawaii Alliance for Community-Based Economic Development (HACBED). Training for 12 organizations from across the State included: venture development and integrating the venture into a broader community economic development strategy; organizational management and development; and community organizing and mobilization. Participants received one-on-one technical support in conducting an organizational assessment, and based upon the assessment received additional help in developing a capacity-building plan to strengthen their ability to implement a successful venture.
- c. Co-sponsored a 4-day conference on Native Hawaiian Community Development which included 1,000 participants from all islands of Hawaii, the South Pacific, Alaska and the Mainland, representing more than 450 organizations. The conference resulted in an estimated \$1.3 million in economic impact on local spending, and included 26 plenary presentations and 19 informational workshops and capacity-building training sessions.

CBED’s Results

The CBED Program creates results at the community level in the localities where they are most needed. The CBOs supported by CBED create jobs and other socio-economic benefits within their communities.

Hawai`i Residents Benefit from CBO Services:

CBOs funded by the CBED program support thousands of people across Hawai`i with a wide range of services including training, shelter, food, micro-loans, education and health services. According to the recent survey, the conservative total (the sum of the low ranges reported) of people assisted by CBED funded CBOs is 111,599.

Figure 6 shows the breakdown of job creation and retention as reported by the CBOs surveyed.

Figure 6: Employment Generation From 1999-2005

	Number of Jobs
Jobs Projected	208
Jobs Created	111
Jobs Retained	15
Total	334

In FY 2007, the following organizations reported on the number of jobs generated and businesses assisted:

<u>Organization</u>	<u>Jobs / Businesses Created/Retained</u>	<u>Individuals/Org Assisted</u>
Kona Pacific Farmers Cooperative	40 fte / 100 pte	
Hawaii Farm Bureau Federation	10 fte	280 individuals trained
Hale Ku`ai Cooperative		1,388 individuals assisted
South Seas Women's Development Group	40 fte / 60 new businesses	
North Kohala Community Resource Center	20 fte	
Lokahi Pacific	48 fte / 12 new businesses	
Hawaii Guava Growers Coop	5 fte	42 businesses assisted
Hawaii Cooperative of Organic Farmers		50 businesses assisted

Services:

The majority of the CBOs surveyed provide business training and development services for members of their community. Professional development, marketing, education, health services, affordable housing and food banks are other services provide by Hawaii's CBOs. Arts and entertainment such as historical tours and art galleries have also been created as successful ventures.

The Hawai`i Alliance for Community Based Economic Development (HACBED) receives support from the CBED program. HACBED provides technical support and training to communities around the state, including former plantation workers, low to moderate income groups and Native Hawaiians. HACBED hosts an annual Community Connections Workshop that brings together non-profits and community-based economic development groups from around the state. The workshops provide technical assistance and support while creating a place for networking and information sharing.



HACBED Comm-Conn Workshop

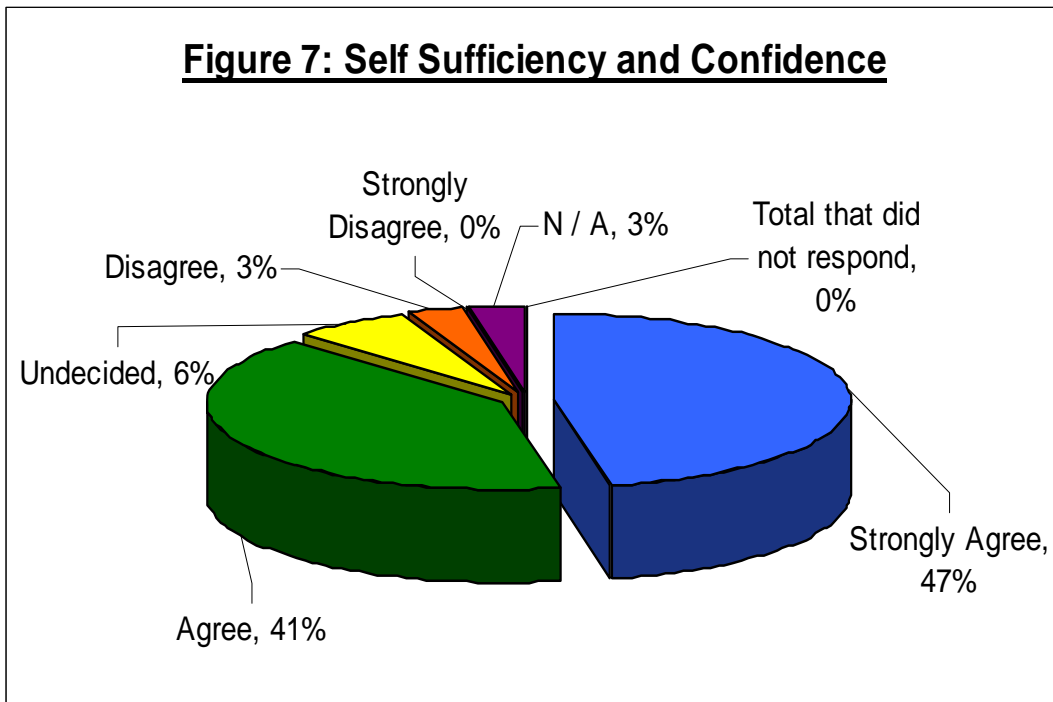


Kau Kitchen Incubator

Projects:

The CBOs funded by the CBED program support a broad range of projects such as capacity building, training projects, business planning and organizational development for communities, small enterprises, food security, fresh water access, and recycling.

CBED funding and assistance is crucial for these CBOs to start and carry out these projects. **Figure 7** illustrates how many CBOs feel more self-sufficient and confident in pursuing economic ventures and projects because of CBED funding.



As fuel prices rise, reserves become more uncertain and natural hazards become more severe, islands must take proactive steps to become more self-sufficient. Today Hawai`i

imports 90% of its food, but what if the boats stop coming? CBED-funded organizations like the Kaua`i Food Bank can help the islands be more prepared and self-sufficient in the case of emergencies. The Kaua`i Food Bank has created a community-supported agriculture program that involves local Kaua`i farmers. The program creates 500,000 pounds of food annually to feed Kaua`i's hungry and be prepared in case of the next natural disaster.

Council for Native Hawaiian Events

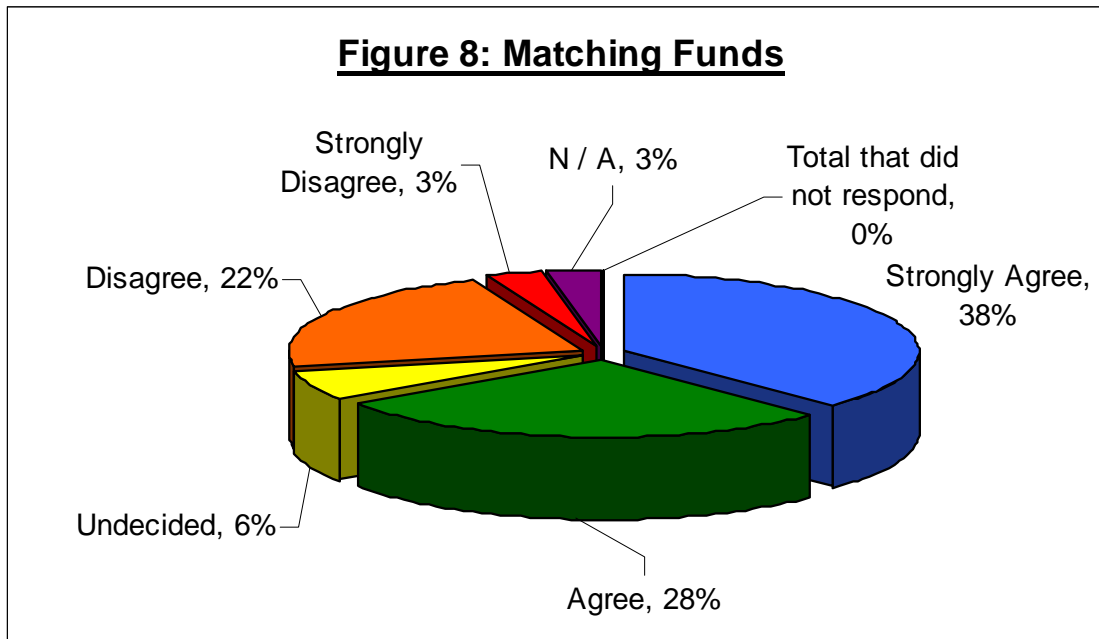


Ka`u Coffee Cooperative



Matching Funds:

Out of the CBOs surveyed, 39% strongly agree and 29% agree that CBED grants helped secure matching funds.



CBED grant funds are matched 11:1. An example of successful leveraging is the Moloka'i Enterprise Community. The Moloka'i Enterprise Community used funding from CBED to help secure its empowerment zone designation. According to their 2005 annual report, the Enterprise Community has leveraged over \$ 1.7 million in funds and created 20 jobs for the island community.

CBED ADVISORY COUNCIL

The Hawaii Community-Based Economic Development (CBED) Advisory Council consists of 12 members. The Director of DBEDT, the Chairperson of the Board of Agriculture, and the Chairperson of the Office of Hawaiian Affairs, or their respective designees, are ex-officio members. The Governor appoints the remaining nine members, representing each major island plus one member who has specific commercial financial experience.

The Council reviews CBED financing requests and makes its recommendations on the awarding of loans and grants, subject to the final approval of the DBEDT Director. The Council also advises the Director on program implementation and members represent their island in liaison with CBOs.

COMMUNITY-BASED ECONOMIC DEVELOPMENT ADVISORY COUNCIL 2007



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Conclusion

Traditional economic development is focused on business and profit; but too many of Hawaii's residents do not reap the benefits so that Hawaii must look at alternatives for economic development. CBED is a positive program that empowers the community, strengthens the knowledge base and provides access to the resources to expand economic and social development. CBED supplies the infrastructure for long-term self-sufficiency, entrepreneurial opportunities, jobs, and revenue for Hawaii's local communities. In the end, an expanded fund commitment to statewide CBED programs will only make Hawaii stronger, reliable, and more stable and self-sufficient. This is of the utmost importance to this island state.