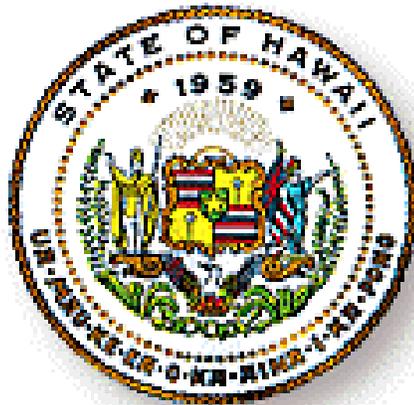


STATE OF HAWAII

HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM



FY 2008
ANNUAL REPORT
TO THE
TWENTY-FIFTH LEGISLATURE
2009

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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 towards a new economy. The forces of globalization have created great changes in the world economy, and Hawaii's isolation has made the islands more susceptible to these effects. CBED strategies and practices can play a valuable part in the building of a new infrastructure for a more 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-building 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 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 dialogue about incorporating community vision and values 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 and 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 statewide. A 2007 survey completed by the University of Hawaii's School of Urban Planning indicates that more funding would improve CBED's services to Hawaii residents and in-turn strengthen Hawaii's economic self-sufficiency and sustainability as a whole.

CBED's Activities

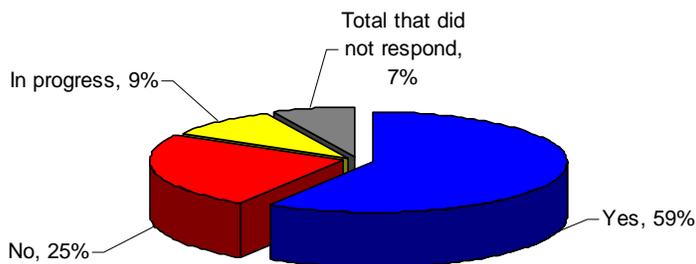


Community Connections
Workshop HABED

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 more 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 funding allocated to the revolving fund is a key factor for the program to grow and provide 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

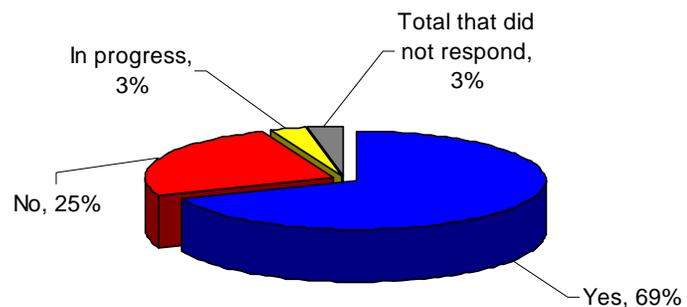
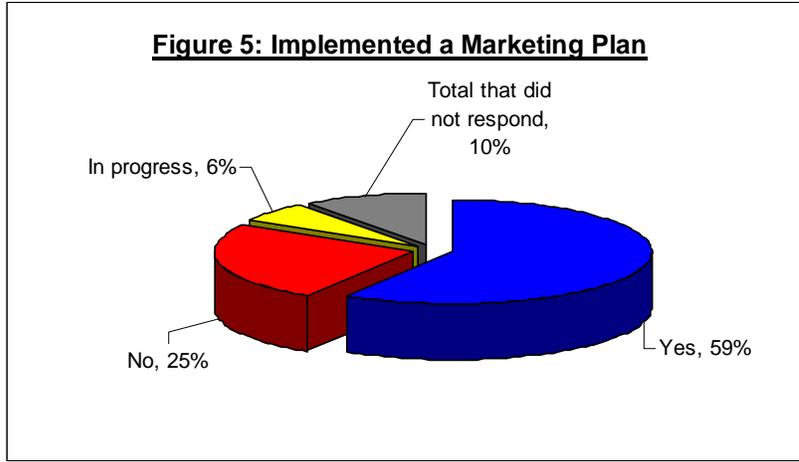


Figure 5: Implemented a Marketing Plan



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 2008:

In FY 2008, the CBED Revolving Fund started the year, July 1, 2008, with a beginning balance of \$65,305. The program awarded eleven (11) grants during the fiscal year.

Revenues for the CBED Revolving Fund in FY 2008 totaled \$7,332 from the following:

- Loan Principal Repayments....\$ 1,799
- Loan Interest Payments.....\$ 23
- Investment Pool Earnings.....\$ 5,510
- Transfer (DBEDT).....\$50,000

In FY 2008, the following community-based organizations were awarded a total of \$113,947 in CBED grant funds through the CBED Revolving Fund:

<u>Organization</u>	<u>Island</u>	<u>Funding Amount</u>	<u>Description</u>
Kona Historical Society	Hawaii	\$10,000	To develop a coordinated business plan.
Ho`oulu Lahui, Inc.	Hawaii	\$10,000	Develop a Strategic Plan with regards to land use and it's application; develop a business plan that includes a market and feasibility study to launch a primary economic enterprise.

North Shore Country Market	Oahu	\$10,000	Implementation of Phase One of the development for the North Shore Country Market (NSCM) Organic Farm and Training Center.
Ke Aupuni Lokahi, Inc.	Molokai	\$14,999	Funding assists with the creation of a Molokai CDC by contracting legal services to assist with organizational structuring.
Hale Ku`ai	Oahu	\$14,999	Funding to revamp Hale Ku`ai's present website to enable the hosting of individual web-pages for subscriber artists.
Enterprise & Resources Development the Pacific	Oahu	\$ 5,000	Funding for Board and staff for training and completion of the organization's strategic plan.
Hawaii Cooperative of Organic Farmers	Oahu	\$10,000	Funding to develop a business plan for the Hawaii Organic Food Center.
Lokahi Pacific, Inc.	Maui	\$ 4,950	Funding to complete a CBED grant awarded in 2006 for 24,950 for the development and implementation of operation plans.
Waianae Coast Coalition	Oahu	\$ 7,000	Funding to develop a business plan to establish marketing outlets for Waianae Coast products.
South Seas Women Development Group	Oahu	\$14,999	Funding to assist the organization in contracting a project manager.

Wailea Village Historic Preservation Company	Hawaii	\$12,000	Funding awarded to complete a business plan for the Hakalau Gym Renovation Project.
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The CBED Program’s technical assistance initiatives in FY 2008 included:

- a. Sponsorship (\$10,000) of ten (10) micro-enterprise training workshops conducted by Empower Oahu, a nonprofit organization on the Island of Oahu.
- b. Co-sponsored (\$10,000) a 4-day conference on Native Hawaiian community development conducted by the Council for Native Hawaiian Advancement (CNHA), which attracted 1,000 registered participants from all islands of Hawaii, the South Pacific, Alaska and the Mainland. 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.
- c. Co-sponsored (\$3,000) one (1) Grantee Forum Workshop conducted by the CNHA, which provided more than 125 registered participants statewide the opportunity to network and learn from various Federal, State and private resource funders, about application processes and availability of funding for community development. The workshop also provided information regarding community development “best practices.”

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

No CBED grants were awarded in 2007 due to funding restrictions. Information regarding the number of jobs created and businesses/community-based organizations assisted in 2008 were only reported by the technical assistance providers (Council for Native Hawaiian Advancement and Empower Oahu).

Empower Oahu reported: 69 jobs created through the micro-enterprise training workshops.

Council for Native Hawaiian Advancement reported: 1,125 individuals assisted through conference and training workshops representing more than 200 organizations and agencies.

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 provided by Hawaii’s CBOs. Arts and entertainment such as historical tours and art galleries have also been created as successful ventures.

The Council for Native Hawaiian Advancement receives support from the CBED Program. Each year, CNHA convenes A 5-Day convention and annual meeting focused on Native Hawaiian community development. Hundreds of individual participants attend powerful plenary sessions and informational workshops. The convention is one of the largest Native Hawaiian gatherings in the State.



Community Workshop

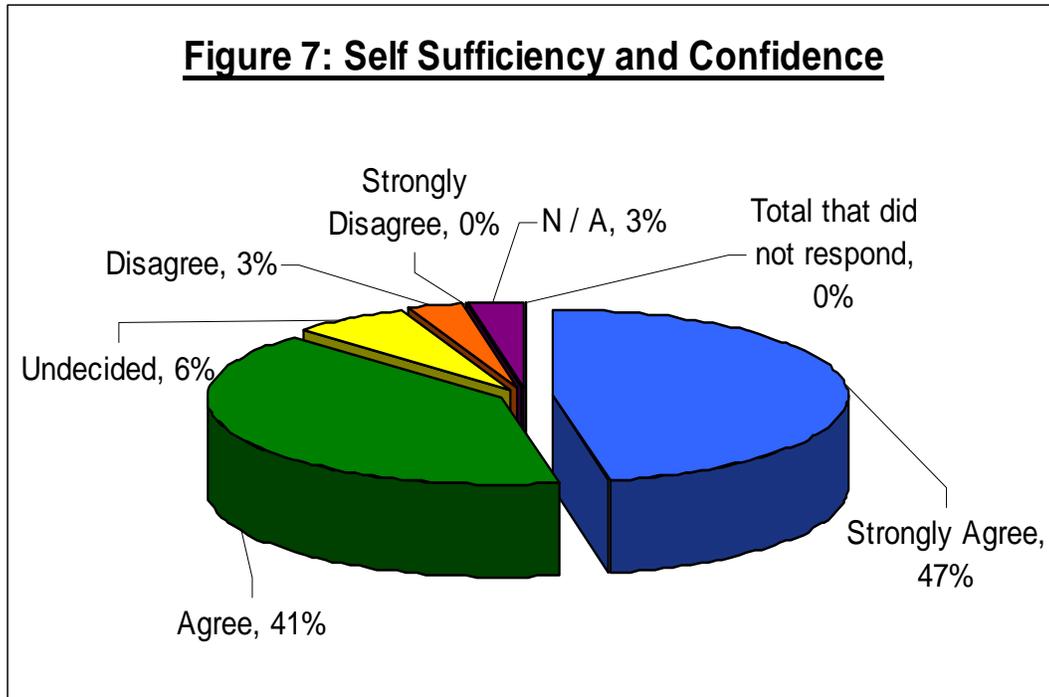


Kau Kitchen Incubator

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

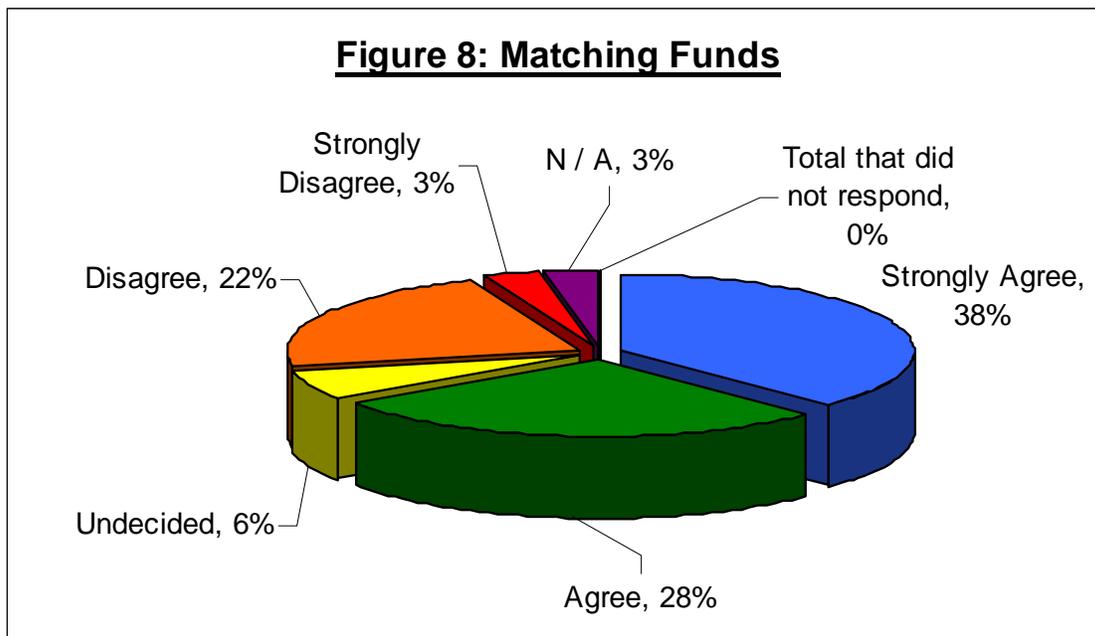


Ka'u Coffee Cooperative



Matching Funds:

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



CBED grant funds, on average, 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 as an Enterprise Community. 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.

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Conclusion

Traditional economic development is focused on business and profit; but too many of Hawaii's rural communities and residents do not reap the benefits or resist economic development 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 the Statewide CBED Program will serve to make Hawaii stronger, by increasing self-reliance, improving stability and creating increased self-sufficiency.

