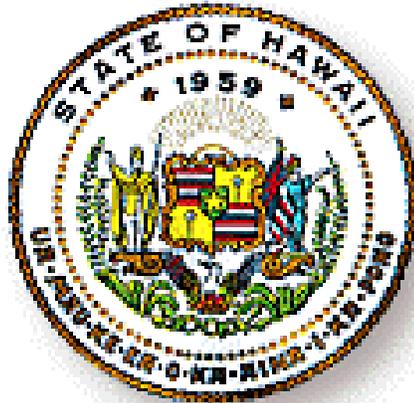


# STATE OF HAWAII

## HAWAII COMMUNITY-BASED ECONOMIC DEVELOPMENT TECHNICAL AND FINANCIAL ASSISTANCE PROGRAM



FY 2012  
ANNUAL & FINANCIAL REPORTS  
TO THE LEGISLATURE

## 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.



*Baking bread the old fashion way in Kailua, Kona with the Kona Historical Society*

Today, more than ever, Hawaii must move towards a new economy. The forces of globalization and economic transition have created great challenges in the world economy. Hawaii's isolation and dependence on tourism and fossil fuel energy 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 community-based economic development leads to long-term capacity-building for local communities and residents, and provides backward linkages to ancillary firms to sustain and expand the main sectors of the economy. 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.

## **CBED: A Continuing 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 more than 40 years and 20 years in Hawaii. 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, increased capacity, and conservation of 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 residents for the long term while community-based organizations (CBOs) provide social services and ecosystem services that make a locality attractive to new and appropriate investment and economic development.



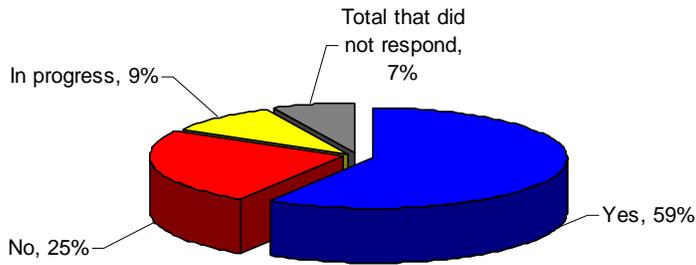
Shrimp farm in Waialua, Oahu

## **The CBED Revolving Fund**

The CBED Revolving Fund allows for the CBED Program to assist eligible CBOs with financial and technical assistance. Despite limited funding, the CBED Program continues to support community efforts statewide. In 2011 - 2012, the CBED Program continued to build on the State's Leeward Coast Initiative. This initiative brought together the efforts of many State agencies intending to build organizational capacities of community-based and faith-based non-profit organizations on the Leeward Coast of Oahu. The CBED Program is also the administrator for more than \$600,000 of the State's Department of Health funds to provide grants to community nonprofits on the Leeward Coast to plan and implement environmentally beneficial initiatives in their communities.

## **CBED's Activities**

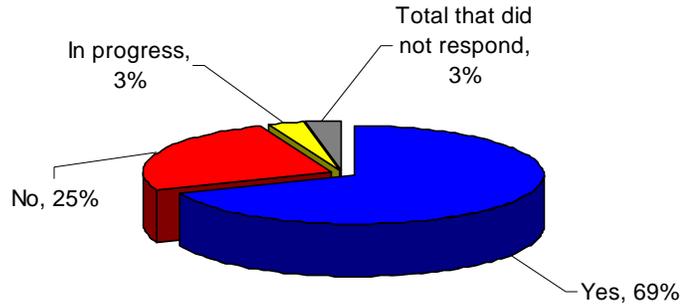
**Figure 3: Developed a Feasibility Analysis**



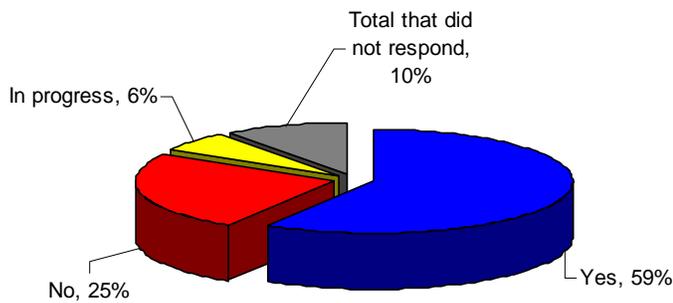
CBED assists community-based organizations at many stages of development whether they are just starting with a feasibility analysis for a project or ready to implement a business plan.

The CBED Program provides the financial and technical assistance to help CBOs grow by developing 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 Fund :**

In FY 2012, the CBED Revolving Fund started the year with a beginning balance of \$61,261.

Revenues for the CBED Revolving Fund in FY 2012:

- Investment Pool Earnings.....\$ 746.00

In FY 2012, one Community-Based Economic Development Revolving Fund loan in the amount of \$25,000.00 was made to Mr. Ken Hirata for equipment for his diversified agricultural business in Waialua, Oahu. This amount was matched by the Department of Agriculture's Loan Fund for a total loan of \$50,000.00. As the Department of Business, Economic Development and Tourism is without the services of a loan officer, the DBEDT and the CBED Program have entered into a formal agreement with the Department of Agriculture's Loan Division for the servicing of loans made through the CBED Revolving Fund. However, this agreement will temporarily limit the types of loans made through the CBED Revolving Fund to agricultural, diversified agricultural and agricultural related initiatives as identified through the statutory and administrative rules governing the Department of Agriculture's Loan Fund.

### **PROGRAM ACTIVITIES**

#### **The Community-Based Economic Development (CBED) Program continued the administration of \$600,000 to eleven (11) community-based, non-profit organizations to support Supplemental Environmental Projects (SEP) for the Leeward Coast of Oahu.**

The funding for this program, while not part of the CBED Revolving Fund, will be administered by DBEDT/CBED, and is part of a settlement agreement between the State of Hawaii, Department of Health, and Waste Management of Hawaii, Inc. and the City & County of Honolulu over issues concerning the Waimanalo Gulch Sanitary Landfill.

The following eleven (11) organizations will receive CBED-SEP grants:

**Alternative Structures International;** \$60,000 to improve their operational infrastructure by installing a state-of-the-art solar voltaic panel system and implementing other cost-saving upgrades, which will allow them to direct more funds to client services.

**Blue Planet Foundation;** \$42,000 to implement a CFL exchange program on the Leeward Coast, distributing 50,000 CFL bulbs to schools and community organizations.

**Ka‘ala Farm, Inc.;** \$23,000 to erect a hog-wire fence around the Nanakuli Valley Cultural & Botanical Preserve to help mitigate damage to archeological sites and the killing of new native plantings by feral pigs.

**Kupu/Hawaii Youth Conservation Corp;** \$77,000 to help with the restoration of the Waianae Mountain Watershed and create a service-learning opportunity for Leeward Coast youths to earn college credits through UH Manoa’s Natural Resource and Environmental Management Department or Windward Community College.

**Nani O Waianae;** \$73,000 to organize community watch groups to regularly patrol “hot spots” where illegal dumping occurs and to report these incidents to the proper authorities.

**Hawaii Nature Center;** \$40,000 to provide experiential learning opportunities for Leeward Coast students grades K-6.

**Malama Learning Center;** \$69,000 to support two pilot programs under the “Hawaii Green Collar Institute” which will mentor approximately 30 Leeward Coast students, introduce them to more than 10 “green” career paths, provide volunteer opportunities and create partnerships with local landowners and managers.

**Nanakuli Elementary School Parent Teacher Association;** \$90,000 to paint 5 portable classrooms and the cafeteria with cool white roof paint to reduce the heat in these buildings.

**Oahu Society for the Prevention of Cruelty to Animals;** \$20,000 to help construct the organization’s spay and neuter clinic for residents of the Leeward Coast.

**Papahana Kuaola;** \$37,000 to provide 4<sup>th</sup> & 5<sup>th</sup> grade teachers and students from Nanakuli schools with conservation education from a scientific and Hawaiian cultural and historic perspective, emphasizing the ethic of sustainability and the values of *malama aina* (caring for the land), *lokahi* (working together), *olu olu* (collaboration) and *aloha*.

**SeaHawaii Foundation;** \$69,000 to produce, in conjunction with Searider Productions, 3-4 minute video segments and a website to document the goals, progress and results of each project funded by the SEP grants.

**The CBED Program’s Technical Assistance Initiatives in FY 2012 included:**

**\$250,000 ARRA Grant - Strengthening Communities Fund (SCF) Grant**

Capacity Building Training for Nonprofit Organizations on the Leeward Coast of Oahu Strengthening Communities Fund (SCF) Grant.

## **Project Summary**

DBEDT, through SMSD's Community Economic Development Program, applied for and was awarded \$250,000 through an American Recovery and Reinvestment Act (ARRA) grant via the Department of Housing and Human Services' (DHHS) *Strengthening Communities Fund* program. The purpose of this grant is to build the capacity of government offices (and their designees) to assist nonprofit organizations in addressing the broad economic recovery issues present in their communities, including helping low-income individuals secure and retain employment, earn higher wages, obtain better-quality jobs, and gain greater access to state and federal benefits and tax credits. The project targeted 200-plus community and faith-based nonprofit organizations on the Leeward Coast of Oahu and provides them with capacity building training and technical assistance, all at no cost to participants.

The project was planned to be conducted in three phases. In Phase I, DBEDT/CBED initially reached out to the 200 Leeward Coast nonprofits in partnership with the Department of Hawaiian Home Lands, and in a second effort, offered no-cost training on some of the basic training topics for nonprofit organizations. Organizational assessments were conducted for each participating entity, and those that are ready for more advanced training (approximately 40-50 organizations) will be invited to move on to Phase II. After Phase II, another round of assessments will be conducted, and a minimum of 20 organizations were invited to participate in Phase III --- to receive one-on-one technical assistance.

### **Phase III Outcomes**

Trainers were recruited to provide one-on-one technical assistance training to qualified community non-profit organizations. Trainers provided 208 hours of technical assistance to 12 non-profit organizations, 4 of which received technical assistance for the first time, and 9 of which were continuing technical assistance from the second quarter of FY 2012. Technical assistance was conducted in the areas of website development, proposal writing, project management, organizational development, staff development, board development, donor development and fundraising strategies, and community consensus-building.

The last quarter of FY 2012 was spent wrapping up the technical assistance project. Staff distributed a questionnaire to 18 organizations that received at least 10 hours of technical assistance to get their feedback on any outcomes experienced by the organization as a result of the technical assistance they received. Eight organizations reported outcomes attributable to the technical assistance received under this grant program. The other 10 organizations reported that either the outcomes (i.e., increases in persons served or expanded services) they experienced were not a result of the technical assistance received or that it was too soon to determine any outcomes.

While some organizations may not have experienced direct or immediate effects from the technical assistance received, they were quick to point out that they benefitted in some manner. The CBED program is pleased that through this grant program we were able to provide a total of 134 hours of training to 173 organizations that serve the residents on the Leeward Coast of Oahu. And, additionally were able to provide one-on-one technical assistance of 553 hours to 26 organization.

### **CBED's Strengths**

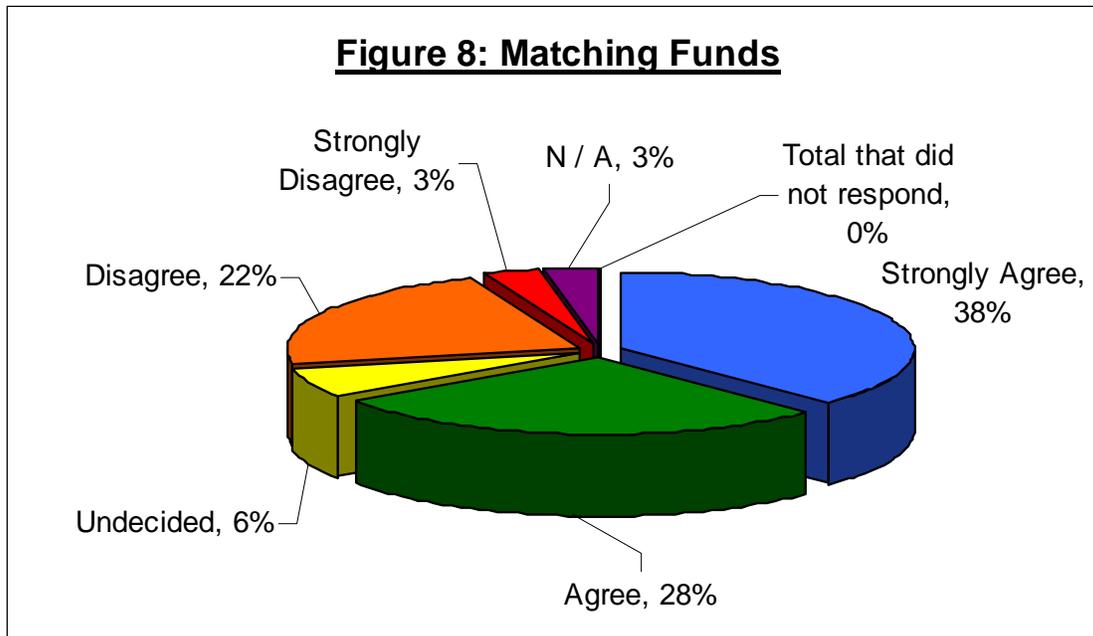
The CBED Program creates results at the community level in the localities where they are most needed. The CBOs supported by CBED create jobs and other socio-economic benefits within their communities.

Community-Based organizations (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 a 2007 survey, the conservative total (the sum of the low ranges reported) of people assisted by CBED Program funded CBOs is 111,599.

### **CBED's Opportunities**



In FY 2012, the CBED Program, with the support of the newly elected Governor, Neil Abercrombie, and newly appointed Department of Business, Economic Development and Tourism's Director, Richard C. Lim, the CBED program will work to revitalize the long dormant CBED Loan Program. The entrepreneurial small businesses and community-based organizations to be funded by the CBED Loan Program is anticipated to support a broad range of agricultural-related projects such as small business enterprises, food security, and agricultural enterprises, including value-added business development. The CBED micro-loan fund and technical assistance will be a crucial resource for these entrepreneurs and community-based organizations to implement or expand their businesses  
*Kau Incubator Kitchen*



**Matching Funds:** Of the Community-Based Organizations surveyed in 2007, 39% strongly agreed and 29% agreed that CBED grants helped secure matching funds. CBED grant funds, on average, were 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 had leveraged over \$ 1.7 million in additional 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 finance 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 community-based organizations.

**2012 CBED Advisory Council Members:**

 <p align="center"> <b>Dean M. Matsukawa</b>            Representative for Chair Russell S. Kokubun            Department of Agriculture         </p>	 <p align="center"> <b>Carol M. Jung</b>            CBED Advisory Council Member            Term Expires 6-30-2013            West Hawaii - Kona         </p>	 <p align="center"> <b>Sharon Y. Sakamoto</b>            CBED Advisory Council Member            Term Expires 6-30-2015            Oahu         </p>
 <p align="center"> <b>Mary Ann Manahan</b>            CBED Advisory Council Member            Term Expires 6-30-2015            Oahu         </p>	 <p align="center"> <b>Hans H. Chun</b>            CBED Advisory Council Member            Term Expires 6-30-2013            Oahu         </p>	 <p align="center"> <b>Stacy Crivello</b>            CBED Advisory Council Member            Term Expires 1-30-2013            Molokai         </p>
<p align="center">Photo Not Available</p> <p align="center"> <b>Michael J. Murakoshi</b>            CBED Advisory Council Member            Term Expires 6-30-2014            Kauai         </p>	<p align="center">Photo Not Available</p> <p align="center"> <b>JoAnn T. Inamasu</b>            CBED Advisory Council Member            Term Expires 6-30-2015            Maui County         </p>	<p align="center">Photo Not Available</p> <p align="center"> <b>Jennifer L. Zelko</b>            CBED Advisory Council Member            Term Expires 6-30-2014            East Hawaii – Hilo         </p>
 <p align="center"> <b>Dennis T. Ling</b>            Representative for Director Richard C. Lim            Department of Business Economic Development &amp; Tourism         </p>	<p align="center">Photo Not Available</p> <p align="center"> <b>OHA Chairperson</b>  <b>Colette Y. Machado</b>            Represented by Joda P. Derrickson         </p>	<p align="center">Photo Not Available</p> <p align="center">Lanai – Vacant</p>

## **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 building the capacity and empowering community members, increasing self-reliance, improving stability and creating increased self-sufficiency.