Left to right: Andrea Mattos, Robert Chase, and Cheryl Sumida.

The Rural Development Center

The Rural Development Center of the Hawai'i SBDC Network administers the Rural Economic Transition Assistance–Hawai'i (RETA-H) program initiated by Senator Daniel K. Inouye.

This program provides grants to support the creation of agricultural businesses and long-term jobs for displaced sugar workers, while promoting the establishment of a profitable, market-driven, sustainable and diversified agricultural economy in Hawai'i. The RETA-H Program is funded by the U.S. Department of Agriculture with funds originating in the U.S. Department of Defense.

Beginning on the Hamakua Coast of Hawai'i with its first project in July 1994, the RETA-H Program now operates not only there, but also in the Ka'u District of Hawai'i Island, in the central valley and Waialua areas of O'ahu, on Kaua'i, and on Maui—all areas in which sugar plantations have closed since 1993, forcing well-paid, unionized employees into unemployment and from a plantation way of life reaching back over 100 years.

While the Hawai'i SBDC Network administers the RETA-H Program, all grant decisions are made by an Oversight Committee of volunteer community leaders chaired by William Paty, Jr., a trustee for the Robinson Trust who has a strong background in the sugar industry in Hawai'i.

Dr. Robert Chase of the Hawai'i SBDC Network is the RETA-H program director. Cheryl Sumida, who coordinates fiscal support for ongoing projects, and Andrea Mattos, as administrative assistant, round out the Hawai'i SBDC Network team. Chase says, "Cheryl and Andrea have done a great job assisting the participants with their administrative requirements, which are often very difficult to handle." In addition to this team, the Program is supported by Yukio Kitagawa, an independent consultant, and by Paula Helfrich, who is the president of the Hawai'i Island Economic Development Board.

The RETA-H Program received its final funding in federal fiscal year 1999. These final funds are being used for projects selected for their ability to support businesses created or supported from earlier RETA-H grants. It is projected that the RETA-H Program will close on July 31, 2002.

From the funds appropriated to the program during the RETA-H Program's six-year funding period, 77 business incubation projects and eight "program development" projects were created, using nearly $20 million in grant funds to support the development of diversified agriculture and provide jobs in the areas affected by the closing of the sugar mills across the state.

An independent survey made in late 1999 showed that the first 50 business incubation projects resulted in 274 independent businesses (most of them farms) and 929 new jobs, half of which were "entrepreneurial" in nature. More than 17,000 acres of former sugar land and 2,100 acres of non-sugar land have been converted to diversified agriculture through these 50 projects with well over 11,000 additional acres of former sugar lands converted to diversified agriculture as a spin-off of these projects. From the jobs created by these first 50 projects, 61% went to former sugar workers, 11% to their family members, and another 21% to other unemployed or underemployed individuals in former sugar communities.

Business incubation projects funded by the RETA-H Program include the production of heart-of-palm, off-season banana, taro, feed corn, ginger, papaya, honey, cacao, coffee, forage grass, beef, swine, hydroponics lettuce, vanilla, jalapeno peppers, asparagus, herbals (tea, Echinacea, 'awa, neem, aloe), and pharmaceuticals. Other RETA-H projects have involved processing facilities for a sawmill, milk production, cheese making, taro-based food manufacturing, and beef slaughter, aging and processing.

Left to right, holding a newly harvested heart of palm: Lesley Hill, Robert Chase and Michael Crowell.

The Rural Development Center Case Study

Wailea Agricultural Group

Few people know about the high nutritional value of the heart of palm, nor is it widely known that it is now produced on the Hamakua Coast of the Big Island. The heart of palm, considered a delicacy by those people who do know of it, is composed of tender leaves just above the peach palm's growing point. It is a much sought after gourmet vegetable that is rich in calcium, iron, phosphorous and magnesium but low in fat. Its delicate taste and texture, a cross between artichoke and bamboo shoots though still very distinctive, add an exciting flavor to many different types of dishes.

In 1993, a geneticist from Brazil, studying for his Ph.D. at the University of Hawai'i at Manoa, introduced this gourmet food to Lesley Hill and Michael Crowell of Wailea Agricultural Group. The geneticist was doing research on the heart of palm in Ninoole on the island of Hawai'i and encouraged Hill and Crowell to grow the plant. Hill recalls, "We did the numbers on the palm heart and felt that this might be a profitable crop to produce."

The Rural Economic Transition Assistance – Hawai'i Program funded the Wailea Agricultural Group in 1996 to develop palm heart production and create jobs for former sugar workers. Funding was also provided for promotional materials. Hill points out, "Without the funding, it would have been a real struggle and would have taken a lot longer. The funding gave us a big jumpstart by arriving when we needed it at a crucial time. It also helped give us a very professional look to our marketing packages."

The Wailea Agricultural Group started with 30,000 seeds and presently has approximately 14,000 mats established about 14 miles from Hilo at an elevation of 400 feet. In two years, the plants were being harvested and their markets were growing.

The wild pigs also sought out the tasty heart of palm. Selection trials were done at Waimanalo, Ninole, and at the Waiakea Experiment Station. The Ninole fields suffered some pig damage. Hill says, "The pigs actually ate the heart. They harvested every single one of the best varieties of palm and were able to choose and select which was the tastiest variety. And here the geneticist was doing the selection trials and the pigs did it for him."

Significantly, testing on the heart of palm by the U.S. Department of Agriculture's Agriculture Research Service (ARS) proved it to be a non-host for fruit flies. Because of this, the Animal and Plant Health Inspection Service (APHIS) has approved the product for export to any part of the U.S. mainland without treatment, which has helped increase their mainland markets.

While Wailea Agricultural Group's primary markets are the local restaurants, hotels and wholesalers. Hill and Crowell traveled to Japan on a trade mission and received favorable responses. Hill comments, "It's a perfect product for Japan, better than bamboo shoot."

Another new field was planted last summer and will be ready for harvesting this summer. About 100,000 more seeds are soon to be planted. At present there are four part-time employees. Hill says, "We're not doing a lot of promotion on this product. It is mostly being spread by word of mouth. We find that our best contact is the one-on-one contact with the chefs. They are all very excited to see a new product. As the chefs create new ways to prepare the palm heart, the orders have increased."

Hill and Crowell are now working on a recipe book on the heart of palm and are hoping to work with chefs from around the world to publish their best recipes for others to enjoy. They are also working on a mail order gift box for those want this exotic product.

There are no limits to the market for fresh heart of palm as more chefs in Hawai'i, on the mainland, and in Japan become increasingly aware of the product.