

# NATIVE HAWAIIAN ORGANIZATIONS (NHOs)

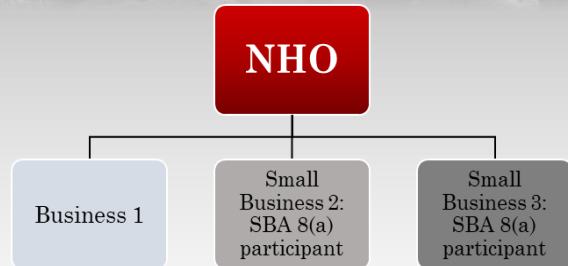
## WHAT IS A NATIVE HAWAIIAN ORGANIZATION (NHO)?

Pursuant to U.S. Small Business Administration (SBA) regulations, *Native Hawaiian Organization (NHO)* means any community service organization serving Native Hawaiians in the State of Hawaii which is a not-for-profit organization chartered by the State of Hawaii, is controlled by Native Hawaiians, and whose business activities will principally benefit such Native Hawaiians ([13 CFR 124.3](#)). Since the term NHO applies in the context of the SBA 8(a) program, NHOs must have a majority ownership of a small business that has been approved to participate in the SBA 8(a) Business Development program. Profits generated by a NHO-owned 8(a) firm, are dispersed to their parent NHO, which then engages in activities to meet the needs of the Native Hawaiian community.

## WHAT IS THE NATIVE 8(a) PROGRAM?

The SBA 8(a) Business Development program was created to provide support to small, disadvantaged businesses, particularly with gaining access to the Federal marketplace. Small businesses owned by Native entities - such as NHOs, Tribes, and Alaska Native Corporations (ANCs) - are authorized to participate in the SBA 8(a) program under special rules. While the rules differ depending on the Native entity, the ultimate intent of the Native 8(a) program is to provide Native communities with the ability to develop self-sufficient economic ventures that support their Native communities. Unlike businesses owned by individuals, profits generated by a NHO-owned 8(a) business go back to the Native Hawaiian community, via the NHO, rather than to individual business owners.

**Diagram 1. Illustration of the NHO 8(a) model**



## WHAT ARE THE SBA NHO 8(a) PROGRAM REQUIREMENTS?

As illustrated in the diagram above, as the parent company, a NHO can have multiple businesses that may or may not participate in the 8(a) program. To participate in the SBA NHO 8(a) program, a NHO and its business must meet a number of requirements, including but not limited to\*:

- NHO must be controlled by Native Hawaiians, establish that it is economically disadvantaged, and demonstrate that its activities principally benefit Native Hawaiians
- Small business must be controlled by the NHO
- Business must be small according to SBA size standards ([13 CFR 121](#))
- Business must demonstrate potential for success
- NHO and business must have good character

*\*This is just a general overview of the requirements. See [13 CFR 124.110](#) for more details.*

## WHAT ARE THE BENEFITS OF THE NHO 8(a) PROGRAM?

### SERVING THE COMMUNITY

The truly innovative concept of social enterprise is at work through the NHO 8(a) program. Profits generated by the 8(a) firm go directly to the NHO. Each NHO has a unique mission ranging across social, cultural and community objectives including: youth programs, access to legal defense, leadership development, innovative youth education, specialized job training, health, financial literacy, business development, cultural engagement, community development, and other community needs.

### ECONOMIC DEVELOPMENT

The NHO 8(a) program enables Native Hawaiians to build sustainable businesses in the Federal contracting industry. These economic engines create highly-skilled jobs, generate revenue, and encourage innovation.

### SUPPORTING SMALL BUSINESS

NHOs are dedicated to seeking out small business partners. By partnering with other small, local firms, the overall economic impact is much greater and the long-term community capacity is strengthened.

