

Malcolm Wiener Center for Social Policy

*The Oglala Oyate Woitanacan Empowerment Zone: A Turning Point in
Oglala Lakota Nation Building*

by

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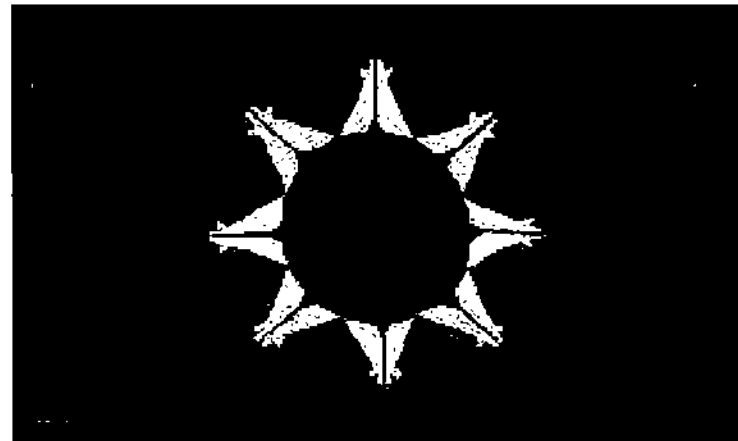


Harvard Project on
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**THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE :
A TURNING POINT IN OGLALA LAKOTA NATION BUILDING**



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PREFACE

HISTORICAL CONTEXT

For decades the Oglala Lakota people have been battling to rebuild their Nation within the simultaneous confines of crippling poverty, constant confrontations to their traditional way of life, and a constitution born out of the Indian Reorganization Act of 1936 that established a Tribal Governance which has proven to be ill-matched with the culture of the Oglala. Yet these pervasive challenges have not dampened the spirit and vision of the Oglala, who continually push the limits of their threatening environment to progress towards full sovereignty.

Economic development efforts have been a cornerstone of the journey, as they have been in many other nations around the world that are emerging from colonial or communist-bloc pasts. While the fact that Pine Ridge is by no means alone in its struggle does not solve anything, the recent nation building experiences in Asia, Eastern Europe, Latin America – and the economic development experiences of poor rural communities in the United States – provide ample evidence that successful and sustainable growth must be built upon culturally appropriate and regionally feasible foundations. In the case of the Oglala Lakota, sovereignty has largely been hampered by a virtual dependency on financial support from the U.S. Federal Government. This relationship presents

many of its own hurdles; many previous economic development efforts, in their eagerness to address the reliance on programmatic funds, have failed due to a lack of consideration for culture, capacity, and long-term viability.

WHY FOCUS ON THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE?

The anticipated dollar amount of the Round II Rural Empowerment Zone grant is not tremendous – in fact, over the course of the 10 years, the EZ Program will only contribute a fraction of what Pine Ridge receives from all other Federal programs on an annual basis. However, the importance and the potential of the Oglala Oyate Woitancan Empowerment Zone should not be underestimated.

First of all, Round I Rural experience has demonstrated that an effectively administered EZ can leverage up to two-and-a-half times the actual EZ grant amount in other public, non-profit, and private funds. Second of all, the Empowerment Zone Program is quite distinct from traditional Federal programs, because it allows communities to decide for themselves how they can most benefit from the funds. For example, while the TANF and Medicaid programs are certainly important in providing critical services to impoverished populations, the EZ program has truly

empowered communities to use the stability provided by such programs to take important steps towards long-term economic health that reflects local strengths, norms, and visions. *Some EZs have devoted substantial portions of their grants to revolving loan funds for entrepreneurs and for capacity-building through training programs, for instance.*

In fact, the Empowerment Zone designation presents the Oglala Lakota with the chance to fashion a strategic vision for sustainable economic development that is more suitable to the needs, culture, and capacity of Pine Ridge than previous streams of funding from the Federal government have allowed. Most importantly, the OOW EZ provides a unique opportunity to break the cycle of dependency on the Federal government.

One way to think of the EZ is as the "last" grant, the one that bridges the fragmentation and political apathy that have plagued Pine Ridge, and that allows the Oglala Lakota people to come together as a community to tackle the tough issues of economic sovereignty.

HOW THIS OOW EZ GUIDE WAS DEVELOPED

This guide was informed by dozens of interviews with Tribal members, representatives of Round I Rural EZs, and experts in the areas of non-profit and public management, as well as close study of relevant texts and documents. Models and best practices were built from the experiences of Round I Rural EZs, in addition to technical support information provided by the United States Department of Agriculture. It

is the sixth in a series of reports and guides that have been commissioned by the Oglala Sioux through the Harvard Project on American Indian Economic Development.

USING THIS OOW EZ GUIDE

The main purpose of this guide is to help the Oglala Lakota maximize the potential of their Empowerment Zone designation through an examination of key challenges and possible strategies to address them. The topics and recommendations target the start-up decisions and planning surrounding 1) EZ management, 2) organizational design, and 3) implementation.

All recommendations attempt to take into consideration goals and intents outlined in the original OOW EZ application. The specific suggestions provided address EZ structures and EZ processes which will serve as the foundation for a successful 10-year designation. *The recommendations in this OOW EZ guide do not attempt to evaluate the particular projects identified in the application, but rather provide the framework to allow OOW EZ officials to make choices that are both culturally appropriate and feasible.*

This guide is meant primarily as a reference tool for Oglala Lakota Tribal members involved in administering the OOW EZ. However, portions of it may also be useful to the larger Oglala membership, as well as other communities that may be seeking guidance on sustainable grass-roots economic development.

ACKNOWLEDGMENTS

Many thanks go to Mike Her Many Horses and everyone at Pine Ridge with whom we met or spoke to during the researching and development of this guide. This project could not have been completed without the many meetings and phone calls in which OST officials and Pine Ridge residents shared their perspectives on the opportunities presented by the OOW EZ.

Thanks also to Dahlia Rodriguez, Jerry Rickett, and Patrick Dunn of the Round I Rural EZs for their invaluable help in gathering information on the EZ Program and their experiences.

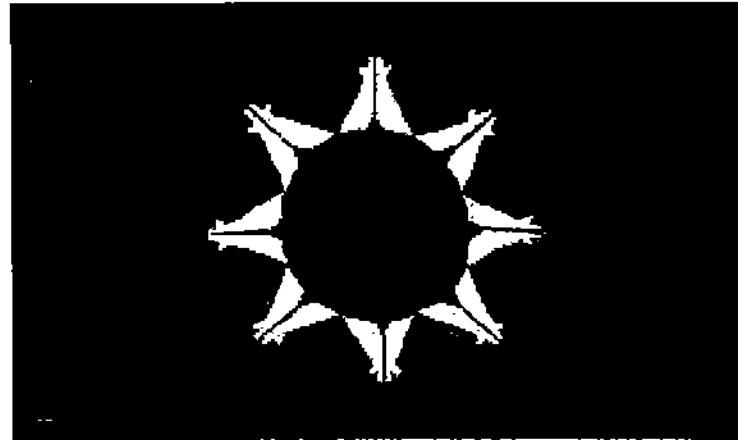
We also relied heavily on feedback from Joe Kalt and Manley Begay of the Harvard Project on American Indian Economic Development. And finally, thanks to the members of the Breakfast Club for their input and support throughout this endeavor.

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EXECUTIVE SUMMARY



THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE: A TURNING POINT IN OGLALA LAKOTA NATION BUILDING

EXECUTIVE SUMMARY

LEARNING FROM ROUND I EMPOWERMENT ZONES

The Kentucky Highlands, Mid-Delta Alliance, and Rio Grande Valley Empowerment Zones have much to offer the Oglala Sioux Tribe as it begins the EZ process. The three Round I Rural EZs have been receiving EZ funds for little more than three years, but have made significant progress – in building community involvement, leveraging funds, and successfully carrying out projects – given this short time. Despite the great diversity in the needs and proposed projects of the Round I Rural EZs, the economic challenges they face and the skills they need to overcome these challenges form a strong commonality, one which is also shared with Pine Ridge.

In researching the EZ Program and the experiences of Round I Rural communities, a set of criteria emerged as the essential components of a successful EZ. *Though each EZ has its own unique style and strategic plan, all of the Round I Rural EZs demonstrated 1) sound management, 2) appropriate organizational design, and 3) a plan for strategic implementation.*

SOUND EMPOWERMENT ZONE MANAGEMENT

The management structure chosen for an EZ community is key to capitalizing on the EZ opportunity. Sound EZ management is built on three characteristics: independence, trust, and efficiency.

Independence is evidenced by decision-makers that are not beholden to political influences and are free to make decisions that are in the best interest of the EZ community. *Trust* is a necessary part of the cultivation of relationships both between EZ communities and external partners. Without trust, leveraging capabilities and community participation are threatened. *Efficient management* of the EZ is to some extent based on the independence of the management structure. To avoid changing administrations, and therefore changing strategic plans, the Economic and Business Development Committee should authorize the transfer of the lead entity status to an OOW EZ non-profit or Development Corporation.

The OOW EZ is relying on OST to make some of the changes that support EZ initiatives. These are formidable challenges in their own right without the added task of daily management of the OOW EZ.

APPROPRIATE ORGANIZATIONAL DESIGN

The application for EZ designation submitted by the Oglala Sioux Tribe established the basis for a solid organization. An appropriate organizational design consists of clear division of responsibilities, maximization of capacity, and decentralized authority.

In looking at the structures of other EZ Boards, there are a few relevant points the OOW could adopt to improve its ability to carry out the strategic plan. The OOW should create a Partner's Task Force that represents the position of the Partner organizations at meetings and in planning for projects. The representative from this Task Force would add a thirteenth member to the OOW Board that will prevent ties in close Board decisions.

Issue based sub-committees of the Board should also be established to develop Board "experts" on the issue areas of the strategic plan. The Board should hire a grant coordinator to focus on leveraging funds for the EZ, and all positions

within the organization should have clearly defined roles and responsibilities.

STRATEGIC IMPLEMENTATION

Staying on track in the implementation of the EZ plan is often difficult, but one of the most important ways to ensure that a community makes the most of its designation. By adopting a funding allocation plan, a project selection process, benchmark review and revision processes, and timelines that reflect short- and long-term goals, implementing the EZ becomes easier and more effective.

Outlining a plan for allocating funds fairly to the nine Districts is the first thing the OOW Board should do. A community-wide benchmark review process and a project selection filter should be instituted that will allow for better and more inclusive decision-making around EZ projects. These decisions should be made in light of a timeline that acknowledges short and long-term goals.



A TURNING POINT IN NATION BUILDING

THE OOW EZ PRESENTS THE OGLALA LAKOTA WITH OPPORTUNITIES TO:

- * Realize the institutional, human, and technical capacities of the Nation**
- * Break the cycle of economic dependence created by Federal Government control**
- * Strengthen economic sovereignty by the end of the 10-year EZ designation**



MAXIMIZING THE IMPACT OF THE OOW EZ: LESSONS FROM ROUND I RURAL EZS

- * Sound Management**
- * Appropriate Organizational Design**
- * Strategic Implementation**



WHAT IS SOUND MANAGEMENT?

- * **Independent Lead Entity**
- * **Trust With Community & Outside Entities**
- * **Efficiency**



WHAT IS APPROPRIATE ORGANIZATIONAL DESIGN?

- * **Clear Division of Responsibilities**
- * **Maximization of Capacity**
- * **Decentralized Authority**



WHAT IS STRATEGIC IMPLEMENTATION?

- * **Funding Allocation Plan**
- * **Project Selection Process**
- * **Benchmark Review & Revision**
- * **Timelines that Reflect Short-/Long-Term Goals**



KEY RECOMMENDATIONS FOR SOUND MANAGEMENT

- * Establish Independent Lead Entity**
- * Develop & Adopt Clear By-Laws**
- * Hire an External Auditing Firm**
- * Build Trust With Community & External Entities**
- * Address Stability and Institutional Memory**



KEY RECOMMENDATIONS FOR APPROPRIATE ORGANIZATIONAL DESIGN

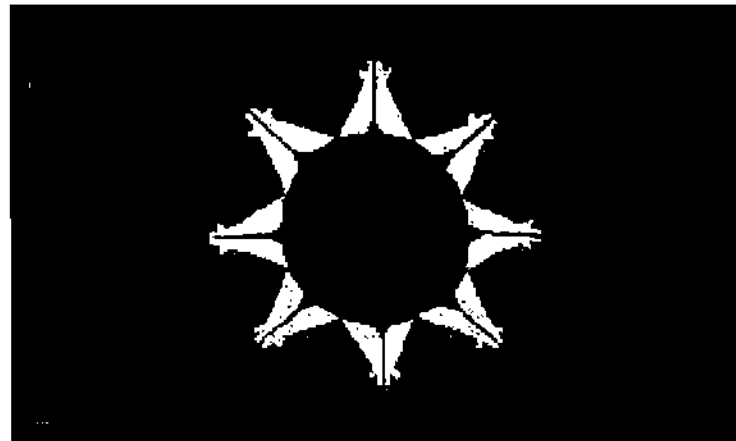
- * Create a Partners Task Force**
- * Add 13th OOW Board member from Partners Task Force**
- * Create issue-based subcommittees of OOW Board for priority areas**
- * Create OOW staff position to coordinate grant & fund leveraging capabilities**
- * Set monthly rather than quarterly OOW Board meetings during the first few years**
- * Develop clear divisions of responsibilities between OOW entities**



KEY RECOMMENDATIONS FOR STRATEGIC IMPLEMENTATION

- * Review options & adopt a funding allocation plan**
- * Outline process for reviewing and revising initial benchmarks**
- * Commit to periodic review of the benchmarks over the 10 year designation period**
- * Construct and adopt a project selection tool**
- * Chart out short-term and long-term goals and activities on a comprehensive timeline**

BACKGROUND



THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE: A TURNING POINT IN OGLALA LAKOTA NATION BUILDING

BACKGROUND

CHALLENGING CIRCUMSTANCES AT PINE RIDGE

The Oglala Lakota people have struggled to survive and maintain cultural, political, and economic sovereignty in what has been a hostile and unforgiving environment. As they faced the U.S. Army and starvation in the 19th century, they grapple with poverty, poor health, low levels of education and employment, and the need for basic infrastructure today. It is important to recognize the significant challenges the Oglala Lakota face as well as the strength and will of a people who continue to fight for survival even in light of these challenges. The poor state of the economy at Pine Ridge has been outlined in previous reports, so we will only highlight a few points hereⁱ:

- Unemployment levels are around 73%ⁱⁱ
- 63% of individuals in Shannon County (contained within the reservation) live in povertyⁱⁱⁱ
- 90% of reservation incomes come from Federal sources^{iv}
- More than half of the residents' income leaves the reservation within 72 hours of arrival^v

A Turning Point in Nation Building

The OOW EZ Presents the Oglala Lakota with Opportunities to:

- * **Realize the institutional, human, and technical capacities of the Nation**
- * **Break the cycle of economic dependence created by Federal Government control**
- * **Strengthen economic sovereignty by the end of the 10-year EZ designation**

- More than 74 million reservation dollars are spent off the reservation every year^{vi}

NATION BUILDING

The 1936 Indian Reorganization Act imposed a constitution that was neither culturally appropriate nor adaptable to the needs of the Oglala people. Since then, the Oglala Lakota have been in the process of building a nation within a system that presents barriers at every turn. Relationships with state and federal entities have been precarious as OST has struggled to maintain political and gain economic sovereignty. The important characteristics of any sovereign nation—prosperity, good health, education, preservation of traditional culture, and self-determination—have not been fully achieved at Pine Ridge due to the lack of economic independence from the U.S. Federal Government.

OST has not been able to divorce itself completely from economic dependence on the Federal Government. This in turn has led to an increasingly sophisticated OST that is able to take full advantage of federal award and grant programs. While these awards have had significant impact on the well being of OST members, they have increased dependence and weakened the opportunities for realizing the potential for full economic sovereignty.

Making the EZ the "last" federal program for OST would be the most significant step towards building a sovereign nation OST has take in recent history.

The designation of OST as an Empowerment Zone is an opportunity to break the cycle of economic dependence

that exists between OST and the federal government. The opportunity the EZ program presents to OST is one that could lead to economic sovereignty at the end of the 10-year designation.

The Oglala Oyate Woitanan Empowerment Zone:

- * ***\$20 million in Federal EZ grants***
- * ***Priority on other Federal grants***
- * ***Technical Support***
- * ***Leveraging Opportunities***
- * ***Increased Community Involvement***

THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE: COMMITMENT TO NATION BUILDING

Backed by community commitment to changing the striking statistics mentioned above and by resolution of the Oglala Sioux Tribal Council, the application for designation as a Round II Rural Empowerment Zone was submitted to the United States Department of Agriculture in October of 1998. As a part of the application, a 10-year plan called the Oglala Oyate Woitancan (OOW) was developed. The Business and Economic Development Committee of OST appointed the OOW planning group. The OOW planning process included more than thirty community meetings in which all Tribal members were invited to listen and offer suggestions for the direction of the OOW.

Successfully completing the lengthy application process for the second round of Empowerment Zones (EZs) was both a demonstration of the commitment of Tribal representatives to ameliorating the pressing challenges faced by OST as well as an important first step in acting on a vision of meaningful long-term economic development on the reservation.

THE EMPOWERMENT ZONE PROGRAM

The second round of EZs was built on the positive experiences of the eight urban and three rural EZs designated in the first round, in December of 1994. As

one of only five rural areas (and the only Indian Nation) granted an EZ designation in this round, OST has clearly communicated its members' shared commitment and vision to the federal government through its application and strategic plan, and is now poised to benefit from \$20 million in federal grants.

To be eligible for the rural EZ program, which provides supportive federal-state-local-private partnerships to foster self-sustaining community development, an applicant must demonstrate a poverty rate that is not less than 20

Empowerment Means Communities:

- * Set their own vision**
- * Control resources**
- * Build citizen participation**

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percent in every census tract and not less than 35 percent for at least 50 percent of the census tracts in the nominating area.

A keystone of the EZ/EC program jointly administered by the Department of Health and Human Services (HHS), the Department of Housing and Urban Development (HUD) and the Department of Agriculture (USDA) is the involvement of community residents, not just in receiving training, employment, or other benefits, but in the design and implementation of the strategic plan and programs that deliver these services. This stipulation guarantees that EZ communities enlist critical community input into idea generation and action above and beyond the boundaries of traditional leadership.

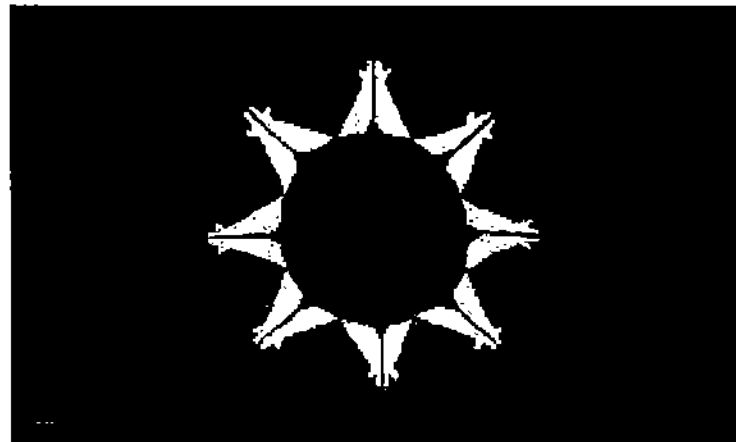
For the OST, this emphasis on community input and involvement is perhaps better suited than many other federal programs and partnerships the reservation has engaged in over time, and presents a genuine opportunity for systemic revitalization.

OST SETS A PRECEDENT FOR INDIAN COUNTRY

As the first Indian Nation to receive an Empowerment Zone designation, OST has an opportunity to set a precedent for the rest of Indian Country. The relationships the OOW Steering Committee and OOW Board representatives establish with the federal departments that administer the EZ program will shape

future relationships those entities have with other Indian Nations as well as with OST. The Oglala Lakota are the "test case" for Empowerment Zones on reservations and will soon be in a position to share their experiences, knowledge, and advice with Indian Nations that may want to apply for an EZ designation in the future.

LEARNING FROM ROUND I EMPOWERMENT ZONES



THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE: A TURNING POINT IN OGLALA LAKOTA NATION BUILDING

LEARNING FROM ROUND I EMPOWERMENT ZONES

BACKGROUND ON THE EZ PROGRAM

Eight urban areas and three rural areas benefited from legislation passed in 1993 establishing the Empowerment Zone Program, in which designees design and implement a 10-year strategic plan for community revitalization. Applications for Round II of the Empowerment Zone program were collected in October of 1998, and 15 Urban Empowerment Zones (administered by the Department of

Vision

- * Create innovative responses to social and economic challenges
- * Develop and share innovative strategies as models for rural America
- * Empower rural people and communities
- * Reinvent government using a bottom-up approach

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Effective Empowerment Zones Are Built Upon:

- * Sound Management
- * Good Organizational Design
- * Strategic Implementation

Housing and Urban Development) and five Rural Empowerment Zones (administered by the U.S. Department of Agriculture) were designated in January of 1999. Round II was the first time that Indian Nations qualified to apply for the Empowerment Zone designation.

In addition to monetary grants totaling \$20 million over 10 years, designated Zones also benefit from tax-exempt bonds, special consideration for many federal programmatic funds,

employer wage credits, and technical assistance. All of the Round I Rural Empowerment Zones have also been successful in utilizing EZ grant funds to leverage additional monetary resources from governmental entities as well as foundations and other private entities.

OST's poor economic situation, abundance of human resources, and ongoing quest for more meaningful sovereignty make it an excellent fit for all four of the key principles that undergird the EZ/EC initiative:

* **Economic Opportunity** – A large segment of the OST is eager for new training, employment, and entrepreneurial opportunities, which would contribute to greater individual self-sufficiency and overall Tribal self-determination.

* **Sustainable Community Development** – The nine districts of the Pine Ridge reservation could all benefit from improved infrastructure, housing, services and civic involvement.

* **Community-Based Partnerships** – The culturally and historically rooted Tiospaye system is a resource for mobilizing residents of different backgrounds to draw on their networks to build strong partnerships with social service groups, centers of learning, private and non-profit entities, and the district and Tribal levels of leadership.

* **Strategic Vision for Change** – With an ultimate goal of economic self sufficiency and sovereignty, the OST undoubtedly harbors many visions for a comprehensive

Four Key Principles

- * **Economic Opportunity**
- * **Sustainable Community Development**
- * **Community-Based Partnerships**
- * **Strategic Vision for Change**

strategy of appropriate progress and change, of what Pine Ridge can become.

ROUND I EZS: KENTUCKY HIGHLANDS

The population in the three-county area that makes up the Kentucky Highlands Empowerment Zone is about 28,000 people. Poverty and lack of jobs have historically been problems in the region, and continue to be, due to a

“Empowerment Zones create a successful partnership between all levels of government, private businesses, community groups and local residents to bring new life to inner cities and rural communities suffering from hard economic times. They do exactly what their name says – they empower people willing to work hard to improve their communities, improve their lives, and build better futures for their children.”

-- Vice President Al Gore

dependency on tobacco, traditional agriculture, and the coal industry. The Kentucky Highlands EZ is focusing in four areas: economic opportunity, tourism, infrastructure improvement, and quality of life. The KHEZ plan also deals with social services such as drug prevention and family support programs, especially for those pursuing home-based entrepreneurial activities.

The Kentucky Highlands Investment Corporation (KHIC), a community development corporation established in 1968, is the lead entity. The Strategic Plan developed in 1994 states “KHIC has recognized that the scarcest economic resource in depressed areas such as ours, and at the same time the most crucial ingredient for economic growth, is the entrepreneur. In response, KHIC has taken a two-pronged approach to stimulating economic growth: introducing entrepreneurs from outside the area; and developing local entrepreneurs by providing management assistance and risk capital.” KHIC’s economic development activities can be broadly categorized into two general program areas: technical assistance and investments that result in the creation of jobs.*

ROUND I EZS: MID-DELTA EZ ALLIANCE (MISSISSIPPI)

The Mid-Delta Empowerment Zone, located in northwestern Mississippi, encompasses six different counties and 16 municipalities covering a 981-square-mile area. Over 79 percent of residents in the EZ area do not have a high school diploma, and only 38 percent have telephone service.

The lead entity is the Mid-Delta Empowerment Zone Alliance (MDEZA), which established a steering committee of representatives from community-based organizations, local and regional development groups and the banking industry. Initiatives include vocational and technical training, activities to improve race relations, training and technical assistance programs for local and county officials, and the adoption of financial management and program evaluation techniques. Among the many sources of non-EZ

funds the Mid-Delta EZ has secured commitments from, they have made an agreement with the local Chamber of Commerce for \$120 million in capital investment for a new manufacturing site.^{xi}

ROUND I EZS: RIO GRANDE VALLEY (TEXAS)

The portion of South Texas encompassed by the Rio Grande Valley Empowerment Zone has an average poverty rate of 52 percent and an unemployment rate of 30 percent. The region as a whole has significant shortages in water and sewer services, public transportation, health services, educational services, childcare, jobs, and other basics fundamental to economic success, and encompasses a number of *colonias*.

Much of the workforce is unskilled – in fact, nurses and teachers are often recruited from elsewhere in the U.S. and abroad. In addition to improving the quality of life for residents, the EZ intends to work with partners such as the Center for Entrepreneurship and Economic Development (CEED) at the University of Texas-Pan American to train residents and spur business development.

COLLECTING BEST PRACTICES FROM ROUND I EZS

The three Round I Rural EZs have had three years of experience in implementing and adapting Empowerment Zone activities. In researching the EZ Program, and in speaking to representatives of the three Round I Rural EZs, it has become evident that the Oglala Oyate Woitanan

Empowerment Zone can take advantage of a wealth of experiential information. Because Kentucky Highlands, Mid-Delta, and Rio Grande Valley were the inaugural group of Rural Empowerment Zones, some of their successes have been achieved through a process of trial and error, but the important point for Pine Ridge is that all three have been able to make significant progress within the EZ Program.

“Empowerment Zones are making the American Dream of a good job, a healthy community and a good home a reality for growing numbers of our people.”

– Andrew Cuomo, Secretary of Housing & Urban Development

Each of the Round I EZs has a slightly different approach and feel, but it is possible to draw some global conclusions about what works well and what doesn't work so well with respect to how the EZ is managed and structured, and how operations are run.

In addition to our own observations, our conclusions about what constitutes “Best Practices” for Rural EZ administration

are also informed by feedback and recommendations that Round I Rural EZ representatives shared in interviews.

Objectives

- * Promote economic self-reliance
- * Strengthen public-private partnerships
- * Involve all residents
- * Balance environmental, economic, and community development
- * Encourage innovative solutions

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DEVELOPING CRITERIA FOR AN EFFECTIVE EZ

The Round I Rural EZs have made accomplishments in areas ranging from specific project design and implementation, to community involvement, and fund leveraging. Though the achievements have been in numerous areas, some themes emerged as to what minimal elements need to be in place for

success. In analyzing the commonalities of the best practices we identified, excellence in certain criteria emerged as necessary for an effective EZ, as detailed below.

THREE MAIN CRITERIA OF AN EFFECTIVE EZ

It is important to reiterate that all three Round I Rural EZs have met the three main criteria of an effective EZ in their own unique ways. The criteria provide a general framework and leave a lot of room for innovation and location-specific tailoring. The three criteria are:

Sound Management – All three Round I Rural Empowerment Zones instituted independent management entities to oversee their EZ activities. Independent management allows impartial and focused attention while providing insulation from government influence, increased ability to leverage funds, and continuity in carrying out the goals set forth in the 10-Year Strategic Plan.

Good Organizational Design – Before any substantive decisions or actions can be taken, it is necessary to have guidelines and by-laws in place to govern decision-making processes, division of labor and responsibilities, and to establish which entities have the capacity and authority for carrying out different aspects of the EZ functions.

Strategic Implementation -- The strategic plan as submitted in the application and any revisions made to it are just the groundwork for what action is actually taken over the 10-

year Empowerment Zone designation period. It is critical to adopt and adhere to implementation guidelines with respect to project selection, benchmark development and review, and the establishment of an action time-line with short- and long-term goals.

LEARNING FROM ROUND I RURAL EZS: POSSIBLE PROBLEMS & LESSONS FOR OGLALA OYATE WOITANCAN EZ

POSSIBLE PROBLEMS FOR OOW EZ

- X Instability due to over-reliance on Tribal Council and President, and two-year, non-staggered political terms
- X Responsibility for EZ-wide vs. district goals/ projects
- X Capacity to administer technical and planning components of OOW EZ
- X Adherence to intent of the 10-year strategic plan in the face of constant political pressures
- X Tensions in needs and resources of the nine separate districts
- X Adequate participation of community members, both in planning and implementation of projects
- X Lack of accountability and inefficiencies due to complexity of program

LESSONS FROM OTHER EZS

- ✓ Establishment of 501c3 entity to administer pre-agreed upon strategic plan over the course of the 10 years
- ✓ Clear division of responsibilities for all EZ entities
- ✓ Diverse representation on Board, continual capacity building through training
- ✓ Periodic public review of strategic plan, strict adherence over 10 years despite leadership changes
- ✓ Use of objective \$ allocation scheme, giving districts discretion to develop their own priorities
- ✓ Periodic community-wide meetings to discuss progress and priorities, EZ newsletters
- ✓ Adherence to strategic plan, non-profit entities managing EZ, contracting of external auditors

MANAGEMENT: BEST PRACTICES FROM ROUND I EZS

	INDEPENDENCE	TRUST	EFFICIENCY
KENTUCKY HIGHLANDS	<ul style="list-style-type: none"> • Kentucky Highlands Investment Corp. as lead entity • Contract out annual evaluation 	<ul style="list-style-type: none"> • \$65 million in private funds • Race relations activities • Quarterly newsletter to community 	<ul style="list-style-type: none"> • KHIC had 30 year existence in community
MID-DELTA	<ul style="list-style-type: none"> • 501c3 non-profit • Contract out for annual evaluation • Staff convenes regular public meetings 	<ul style="list-style-type: none"> • Goal of 10-15% use of EZ funds per project • Goal of 85-90% leveraged funds 	<ul style="list-style-type: none"> • Clearly defined roles with mission statements in each of the issue based sub-committees
RIO GRANDE VALLEY	<ul style="list-style-type: none"> • 501c3 non-profit • Sub-zone Advisory Board convenes regular community meetings 	<ul style="list-style-type: none"> • \$93.5 million leveraged • EZ counties secured an additional \$18 million in matching funds 	<ul style="list-style-type: none"> • Newly created management with well-defined by-laws and responsibilities

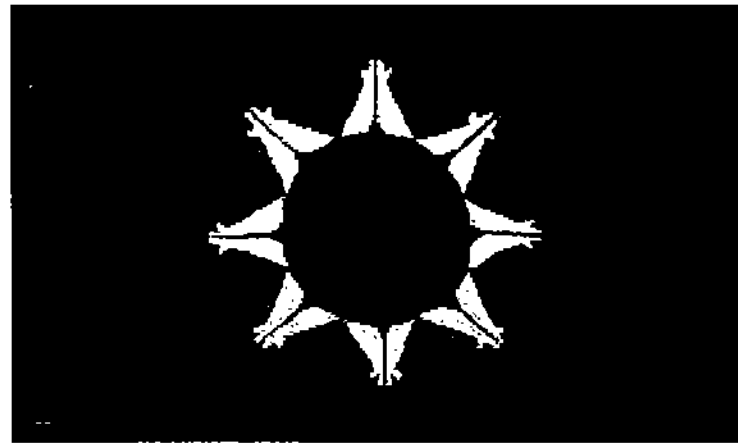
ORGANIZATIONAL DESIGN: BEST PRACTICES FROM ROUND I EZS

	DIVISION OF LABOR	MAXIMIZATION OF CAPACITY	DECENTRALIZED AUTHORITY
KENTUCKY HIGHLANDS	<ul style="list-style-type: none"> • Kentucky Highlands Development Corp. (KHIC) Board oversees budget • 501c3 Regional Steering Committee plays advisory role • Three Local Planning Boards bid projects, conduct feasibility studies, hold public meetings, pass recommendations to Board 	<ul style="list-style-type: none"> • KHIC: 30 years community development experience, Board includes lawyers, bankers, farmers, businessmen etc. • Regional Steering Committee: Incl. state reps, utilities, USDA reps, university faculty etc. • Local Planning Boards: Reflect interests of the counties 	<ul style="list-style-type: none"> • EZ Funds allocated to counties on per capita basis • Local Planning Boards manage county specific projects • Local Planning Boards pass recommendations to KHIC Board for final decision • Outside firm conducts annual evaluation
MID-DELTA	<ul style="list-style-type: none"> • Board of Commissioners has 12 committees w/ relevant responsibilities • County-level committees are being established to govern earmarked funds • Full time staff carries out policies 	<ul style="list-style-type: none"> • 75-member Board has reps from community-based orgs, banks, and reps from the six counties and 16 municipalities • Staff includes a research clerk and an Issue Related Networks Coordinator, who leverages money for entire EZ area 	<ul style="list-style-type: none"> • Portion of EZ Funds allocated to counties on per capita basis • County-level committees are to govern earmarked funds and have oversight and implementation responsibility • Outside firm conducts annual evaluation
RIO GRANDE VALLEY	<ul style="list-style-type: none"> • Board develops overall regional priorities, coordinates sub-zone priorities, oversees budget, monitoring, advocate • Sub-Zone Advisory Boards develop and evaluate programs, hold community meetings • Full time staff serves as liaison and conducts analysis 	<ul style="list-style-type: none"> • Board draws from private sector and community activists as well as other expertise • Staff includes full-time compliance monitor • Economic Development Corporation coordinates research and PR, administers Community Investment Fund 	<ul style="list-style-type: none"> • Minimization of bureaucracy is a key guiding principle • Board is divided into Executive Budget & Finance Committee and Project Review & Evaluation Committee • Sub Zone Advisory Boards allowed to set own structure and priorities

IMPLEMENTATION: BEST PRACTICES FROM ROUND I EZS

	FUND ALLOCATION/ PROJECT SELECTION	BENCHMARK REVIEW	SHORT/LONG-TERM GOALS/TIMELINE
KENTUCKY HIGHLANDS	<ul style="list-style-type: none"> • Allocate funds per capita • Local planning boards bid projects and conduct feasibility studies then recommend to KHIC Board 	<ul style="list-style-type: none"> • Appropriate benchmarks w/ periodic review 	<ul style="list-style-type: none"> • Kentucky is carrying out a mixture of shorter term entrepreneurial projects and longer term large-scale investments
MID-DELTA	<ul style="list-style-type: none"> • Allocate funds per based on local need • Each locality is guaranteed \$1 million 	<ul style="list-style-type: none"> • Consolidated original 37 benchmarks into 15 • Benchmarks reviewed every 2 years 	<ul style="list-style-type: none"> • Community planning process for short and long term goals
RIO GRANDE VALLEY	<ul style="list-style-type: none"> • Allocate funds per capita • Sub Zone Advisory Boards submit project applications monthly to Board • Sub Zone projects go to Project Review & Evaluation or Budget & Finance committees of EZ Board 	<ul style="list-style-type: none"> • 2-3 year review and adjustment of strategic plan 	<ul style="list-style-type: none"> • Clearly identified short-term/long-term goals • Timeline established for planning period

EZ MANAGEMENT



THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE: A TURNING POINT IN OGLALA LAKOTA NATION BUILDING

EZ MANAGEMENT

INDEPENDENCE

An independent management structure is instrumental in the success of an Empowerment Zone. Empowerment Zone Boards must have complete and autonomous decision-making authority if they are to act efficiently and in the best interest of the Zone community. Insulating EZ management from government influences is particularly important. Governments often have much larger constituencies than those contained within an Empowerment Zone. It is very difficult for a government body to separate the interests of these two groups.

The success of an EZ, however, depends on the ability of its governing structure to make decisions based on EZ community priorities, capacity, and the existing strategic plan. When governments get involved in this process, political expediency often becomes the criteria, and the best decisions for the Zone are not made. EZ management is a time consuming process that requires the attention of managers who are focused on EZ outcomes.

TRUST

Trust is an important factor in the success of an Empowerment Zone. Building trust among community

Key Principles of Sound EZ Management:

- * *Independence*
- * *Trust*
- * *Efficiency*

members and partners is key to maximizing the benefits of an EZ designation. The ability to leverage funds from federal, state, local, and private authorities is greatly improved when those authorities have confidence in the stability and decision-making capacity of an EZ Board. However, an EZ designation alone does not guarantee approval for outside funds.

Funders will look to the management structure of an EZ in their review process. There is no question that an independent and stable EZ management structure is preferable to any organization that is vulnerable to government influences. Trust is also an essential part of an EZs mission to include community members in the economic development process. EZ residents are more likely to participate in this process if they trust the EZ authority figures. *An independent management structure signals to residents that an EZ is not business as usual, but a community driven effort to improve and sustain healthy economic development.*

EFFICIENCY

An independent management organization will be able to institute by-laws and procedures that ensure long-term stability and continuity in carrying out the strategic plan. Management that is tied to the political process or that lacks institutionalization within the EZ is unstable and cannot plan or act on a long-term agenda. Most local governments are

busy with their own policy agendas and adding the EZ management to their list of responsibilities leads to unfocused attention on the EZ. Governments also have a natural tendency towards turnover in management, which decreases the likelihood that EZ “experts” will develop.

Examples of Potential Conflicts of Interest

- * **Failure to disclose or report EZ activities that personally benefit Board member or EZ officer**
- * **Favoritism in hiring staff or awarding contracts that leads to personal gain for EZ officials**
- * **Relationships between Board members or EZ officers and potential beneficiaries of EZ resources are not disclosed**

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RECOMMENDATIONS FOR OOW EZ MANAGEMENT

ESTABLISH INDEPENDENT LEAD ENTITY

One of the most critical elements for sound management and overall success of the OOW EZ is a truly independent Board. The OOW EZ Board will have the final authority in many EZ-related decisions, and it is crucial that the Board is able to act as an autonomous group that is not subject to undue influence from powerful interest groups, Tribal Government entities, or other subgroups that may have demands that are not representative of the larger Oglala Oyate Woitanan Empowerment Zone constituency as a whole.

In addition to contributing to greater accountability and legitimacy, an independent lead entity is likely to be better able to leverage funds and efficiently pursue wide-ranging projects than one that has political ties or constraints. The currently proposed OOW EZ Board structure includes three Tribal Government representatives, who will be able to serve as liaisons between the Government and OOW EZ. *Further direct Tribal Government involvement in the EZ will likely lead to the politicization of the OOW EZ.*

DEVELOP AND ADOPT CLEAR BY-LAWS

The creation of an economically and politically independent lead entity would naturally involve the

Key Recommendations for OOW EZ Management:

- * *Establish Independent Lead Entity*
- * *Develop and Adopt Clear By-Laws*
- * *Hire an External Auditing Firm*
- * *Build Trust With Community and External Entities*
- * *Address Stability and Institutional Memory*

development and adoption of a governing set of by-laws prior to the inception of regular duties. Those involved in the drafting of the by-laws have an excellent opportunity to create a set of guidelines and rules that would give EZ officials a coherent framework within which to carry out OOW EZ duties. *The Lakota Fund, Oglala Lakota College and other non-profit organizations that are well established could serve as model organizations after which the OOW EZ Board by-laws could be drafted.*

HIRE AN EXTERNAL AUDITING FIRM

There are several reasons why it is in the best interests of OOW EZ officials to hire an external auditing firm to conduct annual or bi-annual reviews of the EZ operations and activities. Periodic reviews will provide an additional motivation for all involved in the EZ to keep detailed records of decisions made and funds disbursed. Over the course of the 10-year designation, this could provide OST with a very useful reserve of its own best practices, as it is able to look back and see what has produced the most “bang for the buck,” and what has worked most smoothly.

Having an external auditor also shelters the process from potential biases or oversights that someone working closely within the EZ structure might commit. Furthermore, as the experience of Round I Empowerment Zones has shown, the Federal Government is likely to conduct its own audits and evaluations, so having a third-party auditor would not only be likely to improve trust

with the Federal Government, but could also facilitate the Federal auditing process.

Ways to Resolve and Avoid Conflicts

- * **Develop by-laws that address conflicts of interest**
- * **Conduct open meetings and encourage review of EZ governing body**
- * **Establish a list of ethical and legal obligations for Board members**

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BUILD TRUST WITH COMMUNITY AND EXTERNAL ENTITIES

The community-based nature of the Empowerment Zone Program makes trust with all EZ residents particularly important, since large-scale success depends on attitudes

and willingness to participate in EZ activities. A lack of trust on the part of community members is likely to lead to diminished legitimacy and could lead to barriers in efficient implementation.

Public hearings, smaller informal meetings, informational literature, and recruitment into EZ activities and programs could all enhance trust and participation, and overall effectiveness of the EZ initiatives. Cultivating trust with external entities, such as Federal agencies, foundations, and possible private sources of funding will also be important. Demonstrated internal trust and legitimacy could greatly aid in establishing trust outside the boundaries of the EZ.

but when there are changes to the Board membership, the staff and Partners members can be valuable sources of institutional memory, and can help provide impartial information to new Board representatives during transition periods.

ADDRESS STABILITY AND INSTITUTIONAL MEMORY

The 10-year designation of the OOW EZ presents a potential challenge if measures are not taken to ensure managerial stability and institutional memory. OST has experienced frequent turnover in political leadership in the Tribal Council and Tribal Executive offices, often at the expense of being able to carry out any sort of long-range vision or plan.

To the extent possible, the guidelines for hiring EZ staff should encourage multi-year appointments, shielded from any changes in the membership of the OOW EZ Board or of the Tribal Governance. An excellent design feature of the OOW EZ Board is the proposal for staggered terms;

KEY PRINCIPLES OF EZ MANAGEMENT: INDEPENDENCE

COMMUNITY-WIDE CONCERN

A reoccurring theme throughout our interviews with Tribal Council Members and Appointed Department Heads, as well as our reading of previous reports on the Oglala Sioux Tribe is that without a clearer division between Tribal politics and Tribal economic development, the latter will not be sustainable. Nearly every interview led to a discussion of the two-year turnover of OST officials and the impossibility of long-term planning and development under those conditions. One member of the

-- More than one member of the OOW Steering Committee expressed concern that the OST Council may try to intervene with an OOW Board decision.

EZ steering committee also expressed concern for possible political intervention with OOW Board decisions by the OST council.^{xv} It is important that the OOW Board and

What Is Independence?

- * Separation of powers***
- * OST government focused on reservation-wide decisions***
- * EZ management focused on EZ-wide decisions***
- * Insulation from politics***

staff be allowed to implement the plan without concern for political consequences.

THE ROLE OF THE OST

Another reason to institute independent EZ management is the number of tasks the OST government has to complete in order to support the EZ projects. There are projects outlined in the strategic plan that are not feasible without complimentary work by the OST government. The OST government needs to focus on the development of business codes, work on existing infrastructure needs, and consider judicial and constitutional reforms.

Being involved with the daily management of the EZ takes away from the important role the government has in setting and carrying out the vision for the Oglala Lakota Nation. For sustained economic development to occur at Pine Ridge, the major actors must recognize the need to divide tasks and focus on what they can do best. OST has often followed a path of one group trying to do everything and at the same time working within a two-year election cycle that places considerable demands on representatives.

Allowing the EZ to be managed by people who are accountable, but not facing reelection will allow for long-range planning and sustainability. An independent management group with established by-laws and rules of operation allows the community to have faith in the EZ process, divides the work so that each party is responsible

for a reasonable set of goals, and reinforces the community driven model the EZ program is designed for and the EZ residents seem to be asking for.

Independent Management Has Worked: Cedar Pass Lodge

Until February 1997 Cedar Pass Lodge was managed directly by the OST government. Four weeks prior to its opening date of March 15, management of the Lodge was given to the Oglala Sioux Parks and Recreation Authority. The Lodge was in complete disarray when OSPRA received the charge to manage it. Making a non-political decision to hire the most qualified manager of the Lodge, OSPRA and the new manager were able to turn the Lodge around and it receive an A+ approval rating for the season from the National Parks Service management.

PAST EXPERIENCES

OST, in particular, must look at past economic development efforts and recognize that an independently managed non-profit or development corporation will likely lead to a more successful Empowerment Zone than will one that continues to be controlled by a Tribal Council that changes every two years and is busy with projects of their own. Currently the Business and Economic Development Committee, a committee of Tribal Council Members, is slated to be the managing entity for administering the Empowerment Zone for at least the first two years of the designation. The success of the EZ will be substantially improved if an independent entity with an autonomous Board of Directors is quickly established.

OST has had experience with the Tribal Government acting as the lead entity for several business operations over the years. Unfortunately, most of these businesses have failed, as a former OST President stated, "without one exception, Tribal owned manufacturing ventures on the Pine Ridge Reservation have failed, often leaving the Tribe with only debt and empty buildings."^{xvi}

Two successful businesses currently operated by OST, but not directly run by the council, include Cedar Pass Lodge and the Prairie Wind Casino^{xvii}, it is noteworthy that both are independently managed. Tribally run businesses often fail for a variety of reasons, but for OST a major reason

Establishing Independent Management at the Desert Communities EZ

The necessity for a separation between politics and economic development efforts is not unique to OST and OOW. When speaking with John Thurman of the newly designated Desert Communities Empowerment Zone in Riverside California this point was illustrated. The Riverside County Economic Development Agency was the applicant for the EZ and the original plan was to establish a 501c3 non-profit agency to manage the EZ if the designation was given. However, once the Desert Communities EZ was granted, the County began backing off the non-profit idea, wanting to keep more control over the management of the EZ funds and projects.¹ This County government, not unlike OST, is operating with limited resources and is now hoping to hang on to this new infusion of funds. It is important that governments realize that maintaining direct control over the EZ money is in direct conflict with the philosophy of the EZ program and the idea behind community control of economic development.

seems to be the incompatibility of the government structure with the Oglala Lakota culture.

A CHANGE FOR THE FUTURE

The OST government is very centralized, with decision-making authority and responsibility vested in a small group of elected officials, and with little real input from local level members and organizations. Before the Oglala Lakota were compelled by the United States to adopt foreign governmental structures, they were highly decentralized and organized around Tiospayes. Professors Stephen Cornell and Joseph Kalt have shown that successful economic development is unlikely to occur for a Nation that has a government structure that does not match its culture.^{xviii} The Empowerment Zone designation

and the creation of the OOW as an independent non-profit or development corporation gives OST the chance to allow economic development to go forward with a culturally appropriate governing and management structure.

CULTURAL APPROPRIATENESS

Decentralized EZ structures that allow for and in fact demand community participation in decision-making and planning are more appropriate to the traditional leadership model of the Oglala Lakota. The centralized nature of the current OST government has been pointed to as a possible cause of stunted economic development at Pine Ridge by researchers and OST leaders. Reforming the constitution to reflect the needed and wanted changes is a long-term project that the Tribal Council should consider. In the short-term however, the EZ designation presents an opportunity to experiment with a decentralized, community-based model for managing Tribal affairs. OST officials as well as OOW Board members should try to make the most of this chance to experiment with a management model that could have significant positive impacts for the future of the Oglala Lakota people.

Profitability of Tribal Enterprises in 18 Tribes: Independent vs. Council-Controlled Management

	Independent	Council-Controlled
Profitable	34	20
Not Profitable	5	14
Odds of Profitability	6.8 to 1	1.4 to 1

KEY PRINCIPLES OF EZ MANAGEMENT: TRUST

Lead Entities Ensure Citizen Involvement By:

- * Making sure residents have major voice on governing board**
- * Setting rules and procedures to ensure community participation**
- * Holding regular public meetings**
- * Informing the public of plans, actions, results**
- * Incorporating public input into the decision-making process**

COMMUNITY PARTICIPATION

To take full advantage of the resources within the community, participation at the highest levels must be encouraged. A centralized EZ management structure that is viewed as a part of the OST government will not gain trust from EZ residents and will likely impede their willingness to participate. An independent management organization will show the residents a clear commitment to a new approach to community level economic development that incorporates the needs and ideas of local level communities in the planning and implementation of the EZ.

LEVERAGING FUNDS

The OST Government has a lot of experience in applying and securing grants from Federal agencies, and will continue to do so during the 10-year EZ designation. By establishing the lead entity of the OOW EZ as an independent institution, Pine Ridge will have a better chance at leveraging resources from foundations and other donors and investors. The Lakota Fund has demonstrated that attracting investors and securing grants is easier as an independently managed organization.

-- Elsie Meeks of the Lakota Fund indicated that an independent EZ entity would be better able to leverage additional funds.

build a relationship of trust between themselves and the USDA liaisons to the OOW EZ. If the two organizations are going to work well together in the implementation of the strategic plan, mistrust and misunderstanding can not be the order of the day. USDA officials have already expressed some concern over the type of management structure OST adopts for the EZ. This should be noted as an example of the kind of involvement and interest USDA officials may show in the future of the EZ.

**DEPARTMENT OF AGRICULTURE/EZ
ADMINISTRATION**

The Department of Agriculture will be a key partner in the implementation of the EZ plan. The USDA has the authority to approve or disapprove of benchmark revisions and changes to the strategic plan. The OOW must

**Sources of Financing for Round I Rural EZs and ECs
(including in-kind contributions, in \$ millions)**

	As of Jan. '97	As of Jan. '98
Social Services Block Grants (SSBG)	\$35.6	\$62.3
Other Federal Funds	113.5	276.5
State Government	88.2	117.7
Local Government	28.1	41.0
Private Sector	86.1	170.1
Non-Profit	8.1	12.0
Total	359.5	679.6
Total non-SSBG	324.0	617.3
Leveraging Ratio, non-SSBG to SSBG drawn down	9.1	9.9

KEY PRINCIPLES OF EZ MANAGEMENT: EFFICIENCY

STABILITY IN CARRYING OUT 10-YEAR DESIGNATION

Under the existing political structure, Tribal elections occur every two years. As history has demonstrated, there is little continuity in the Tribal leadership because council members and presidents are rarely elected for successive terms. However, being able to develop and follow a

comprehensive 10-year plan is a crucial part of the EZ designation, and stability in the leadership of the OOW EZ would certainly be beneficial to the implementation of a long-range plan. Establishing the governing board of the OOW EZ as an independent institution would give Pine Ridge a chance to avoid constant changes in authority.

Benefits of Avoiding Actual or Apparent Conflicts of Interests

- * Assures the EZ organization is ethical and advancing the goals of the entire community**
- * Demonstrates accountability**
- * Demonstrates resources are being used wisely**
- * Provides an increased level of trust from state, county, public and private organizations**

BALANCING LONG TERM AND SHORT TERM GOALS

As proposed, the governance structure of the OOW EZ already includes three Tribal government representatives – a President’s representative, a Council representative, and an Economic and Budget Development Committee representative. On the one hand, these three members of the Board provide a connection between the EZ management and the greater Tribal leadership to ensure that overall Tribal goals are met and that projects complement each other to their fullest. These three Board members also give each new Administration a chance to make some input, but limiting the number of Tribal leaders on the Board to three will help to ensure that the long-term needs of every district are properly addressed and do not get rewritten every two years.

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MINIMIZE PROBLEMS WITH THE LEARNING CURVE

The EZ program requirements are complex. In order to best take advantage of the program, managing the EZ will demand full attention not only of long-term, knowledgeable full-time staff, but also ideally Board members who have the time to be familiar with the program. It would be difficult to maximize the impact of the EZ grant over the 10 years if the management is constantly in need of retraining or reeducation.

CAPACITY OF TRIBAL COUNCIL

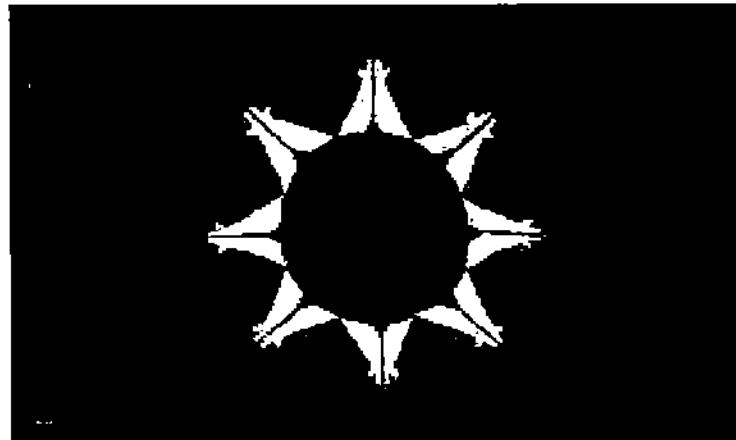
The Tribal leadership already has a full schedule of responsibilities, and will continue to during the 10-year designation period. For example, the leadership was responsible recently for securing a major Department of Housing and Urban Development (HUD) grant to build 50 new houses. Furthermore, the Council and President will still need to devote their full efforts to issues that support a

successful OOW EZ, such as improving the business climate, developing basic infrastructure such as sewage and roads, and adopting and reinforcing a business code.

OST Government Has Other Crucial Responsibilities

- * *Adopt Commercial Code***
- * *Reform Judicial System***
- * *Modify Constitution***
- * *Address Larger Infrastructure Issues***

EZ ORGANIZATIONAL DESIGN



THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE: A TURNING POINT IN OGLALA LAKOTA NATION BUILDING

EZ ORGANIZATIONAL DESIGN

CLEAR DIVISIONS OF RESPONSIBILITY

As the Round I Rural Empowerment Zones illustrate, in order to manage the breadth and complexity of the 10-year EZ designation, the overall organizational structure of EZ management must be multi-faceted, with objective decision-makers. There must be clear divisions of responsibilities and communications for the several EZ entities, as any organization with several dozen individual "employees" must if it wishes to operate effectively and efficiently. The establishment of clear guidelines at the onset increases accountability, facilitates responsiveness, and decreases the potential for confusion. Divisions of labor and guidelines for interaction will also streamline the activities of the EZ by avoiding overlapping tasks, while reducing the likelihood that there will be slips due to oversight.

MAXIMIZATION OF CAPACITY

The Empowerment Zone program is intended to do just what its name suggests – empower communities to strengthen their economic and social bases. One key element of this kind of revitalization from within is identification of existing institutional, administrative, and technical capacity in the community. Each of the three

Key Principles of EZ Organizational Design

- * *Clear Divisions of Responsibility*
- * *Maximization of Capacity*
- * *Decentralized Authority*

Round I Rural Empowerment Zones involved existing community development, financial, and service provision institutions to a varying extent, and also included individuals with a wide array of professional expertise. Involving these players ensures a greater knowledge base in the many areas that are applicable to the activities of an EZ, and also contributes to a diverse set of perspectives. Only by involving as representative a group of individuals in the process can an EZ maximize its success in expanding the region's human capital, through various forms of training and eventual job creation.

DECENTRALIZED AUTHORITY

Simply getting input from various stakeholders in conducting the activities of the Empowerment Zone is not as ideal as actually spreading some of the authority and decision-making to the various sub-groups in the EZ organization. For instance, local or county boards might have a more precise understanding than the main board of the needs and constraints of a given community, which would lead to more efficient use of EZ dollars and leveraged funds. *Decentralized authority is likely to draw in greater community involvement, which is a major intent of the EZ Program, and which will ultimately ensure greater sustainability for the activities of an EZ region.*

What Structures Have Been Used in Round I?

- * Overall board, with sub-councils for local areas who send members to overall board
- * Large and broadly representative governing board
- * Local outreach centers in each tract of the community
- * Many ECs use a large governing board to provide geographic representation for the whole EC, then subcommittees that focus on specific projects & implementation of the strategic plan and benchmarks

RECOMMENDATIONS FOR OOW EZ ORGANIZATIONAL DESIGN

CREATE A PARTNERS TASK FORCE

The success of the EZ relies heavily on the ability of the Partners (The Lakota Fund, Oglala Sioux Lakota Housing Authority, Oglala Lakota College, Oglala Nation Education Coalition, Pine Ridge Multidisciplinary Team, and the Tiospaye Association) to implement the projects and programs proposed. The Partners have a demonstrated capacity to carry out the plans the EZ application outlined, however they currently have no representation on the Board and there is no formal coordination of their activities. To increase communication between the EZ staff and the Partners, who will be assisting in the implementation of the programs and projects, a "Partners Task Force" should be created. The members of this Partners Task

Force should be chosen by the partner organization. Other partners should be added as deemed necessary by the OOW Board. The Partners Task Force would meet as the District Task Forces do to discuss the coordination of EZ activities, applications to leverage funds, and any other responsibilities that fall on the Partners.

Key Recommendations for OOW EZ Organizational Design:

- * Create a Partners Task Force***
- * Add Thirteenth Board Member to OOW from Partners Task Force***
- * Create Sub-Committees of the OOW Board for Priority Areas***
- * Create OOW Staff Position to Coordinate Grant and Fund-Leveraging Capabilities***
- * OOW Board Should Meet Monthly During the Two year Planning Period***

ADD THIRTEENTH BOARD MEMBER TO OOW FROM PARTNERS TASK FORCE

The Board will be making very important decisions approving project and program proposals. Adding one more person to the Board will avoid any tie votes that may occur. The thirteenth Board member should come from the Partners Task Force so that decisions made by the Board will be informed by the presence of a Partners representative. The discussion that needs to take place

before key decisions are made will be better informed if a Partners representative is there to comment on the capacity of the Partners and to discuss any questions or concerns the Partners may have. Without a Partner Representative on the Board, the OOW may not be able to make the best decisions for implementation and action on the EZ plans.

CREATE SUB-COMMITTEES OF THE OOW BOARD FOR PRIORITY AREAS

The EZ plan calls for six issue-based priority areas to be addressed (Business Assistance, Education, Basic Needs, Families, Housing, and Jobs). The OOW Board should establish working committees to focus their attention on these specific areas. The committees, much like the Tribal Council Committees, would be made up of the Board members, but would allow each member to concentrate their attention on a few of the six areas. It will be difficult for the Board members to maintain all the information necessary for decisions in each area. Instead Board members can be "experts" in their specific issue-based area and present the facts before a decision in that area is made.

CREATE OOW STAFF POSITION TO COORDINATE GRANT AND FUND-LEVERAGING CAPABILITIES

Currently there is no coordination of grant applications

across OST departments. The possibilities for leveraging funds to match EZ dollars are tremendous. The Rio Grande Valley EZ has leveraged over \$93 million dollars; the Mid-Delta EZ Alliance has a goal of not using more than 15% of EZ funds per project. With the EZ funds being half of the original amount, it will be imperative that matching funds be solicited from other private and public sources. The OOW Board and Staff must be very strategic about the applications placed and the partners approached to fund projects and programs. The timing of grant applications to match objectives and benchmarks is also important. It is a full-time job to coordinate, managed, and apply for these funds.

OOW BOARD SHOULD MEET MONTHLY DURING THE TWO YEAR PLANNING PERIOD

The OOW Board is currently set to meet for five days in January and quarterly thereafter. A lesson noted by the previous EZ Boards is their need to meet more often in the first two to three years of the 10-year plan. It became necessary for the Boards to meet to make decisions involving specific projects, changes to the strategic plan, and to discuss new ideas that arise. Depending on how much decision-making authority is given to the Steward, the OOW Board may find it beneficial to meet monthly for at least the first two years to address issues that come up more often. Until all projects are planned, funded, and underway, more input from the OOW Board will be needed.

KEY PRINCIPLES OF EZ ORGANIZATIONAL DESIGN: CLEAR DIVISIONS OF RESPONSIBILITIES FOR OOW EZ

ENHANCED EFFICIENCY

One obvious benefit to having clear guidelines and by-laws dictating where responsibility for various tasks lies is the efficiency gains from minimizing confusion about where to get information. If, for example, one of the full-time staff is clearly designated as the individual responsible for coordinating grant applications and for making inquiries about potential leveraging funds, then district board members or OOW Board members can quickly locate relevant information.

Furthermore, clear guidelines distinguishing responsibilities for the various EZ entities will also minimize uncertainty about jurisdiction and cut down on redundant work as well as tasks left undone due to oversight. This may be particularly important with respect to the delineation of responsibilities between the Tribal Business and Economic Development Office and the OOW Board.

ACCOUNTABILITY AND EXTERNAL AUDITING

Given the complexities of the legislation and rules governing the EZ Program, and because it is a federally administered program, it behooves OOW to maintain strict guidelines about who is responsible for what – particularly with respect to record keeping, internal auditing and reporting. As a representative of the Kentucky Highlands EZ noted, their lead entity, the Kentucky Highlands Investment Corporation, has been the subject of five Inspector General audits and two General Accounting Office audits since the EZ designation. Before the designation, the KHIC had not been audited by the federal government a single time in its 30-year history.

“Make sure everything is documented.”

*--Patrick Dunn
Mid-Delta EZ*

ABILITY FOR ENTITIES TO FOCUS ON STRENGTHS

Clearly written guidelines for the division of responsibility between component entities and specific job descriptions for the full-time staff positions will enable EZ actors to focus on what they know best. For example, charging the

District Task Forces with a responsibility to report local priorities gives residents who are most familiar with the needs of each district the ability to provide input, while freeing the OOW Board to pursue issues of EZ-wide magnitude.

KEY PRINCIPLES OF EZ ORGANIZATIONAL DESIGN: MAXIMIZATION OF CAPACITY

OPPORTUNITY TO DRAW ON EXISTING EXPERTISE

The Lakota Fund, Oglala Lakota College, and OIC are just a few examples of the many non-governmental entities that have tremendous amounts of technical, institutional, and administrative capacity in their specific areas. Collectively, these organizations have a significant amount of experience that the OOW EZ can draw upon. By formalizing the relationships between the OOW EZ and their partners, full advantage of the partner's expertise can be taken.

SKILL DEVELOPMENT THROUGH EZ INVOLVEMENT AND EMPLOYMENT

Promoting community involvement will create a greater awareness and common sense of purpose for Tribal members. With adequate community buy-in, the OOW EZ also creates an opportunity to interest more residents in the relevant issues that affect their communities, with a potential result being increased numbers of individuals seeking training and skills. By hiring EZ residents for the appropriate jobs within the EZ, some of the EZ funds are

Expanding Capacity Among Residents: Examples from the Kentucky Highlands

* **Grant Writing Seminars** – KHEZ agreed to a \$10,500 contract with Kentucky State University to put on a grantsmanship workshop for the three Empowerment Zone counties March 1 and 8, 1997. The six hour video-conference workshops were free to all participants, who were given training manuals and were eligible for Continuing Education Units (CEUs).

* **ARC Leadership Training Initiative** – KHIC used a \$45,140 grant from the Appalachian Regional Commission to conduct Leadership Training and Strategic Vision Building Workshops for Empowerment Zone residents. The grant, matched by \$11,285 local funds, funded 5-day training workshops for 110 Zone residents on how to work together and take control and responsibility of the project. The effort is directed at groups that are not used to or comfortable with being in charge.

also directed at training and employment even while accomplishing other stated goals.

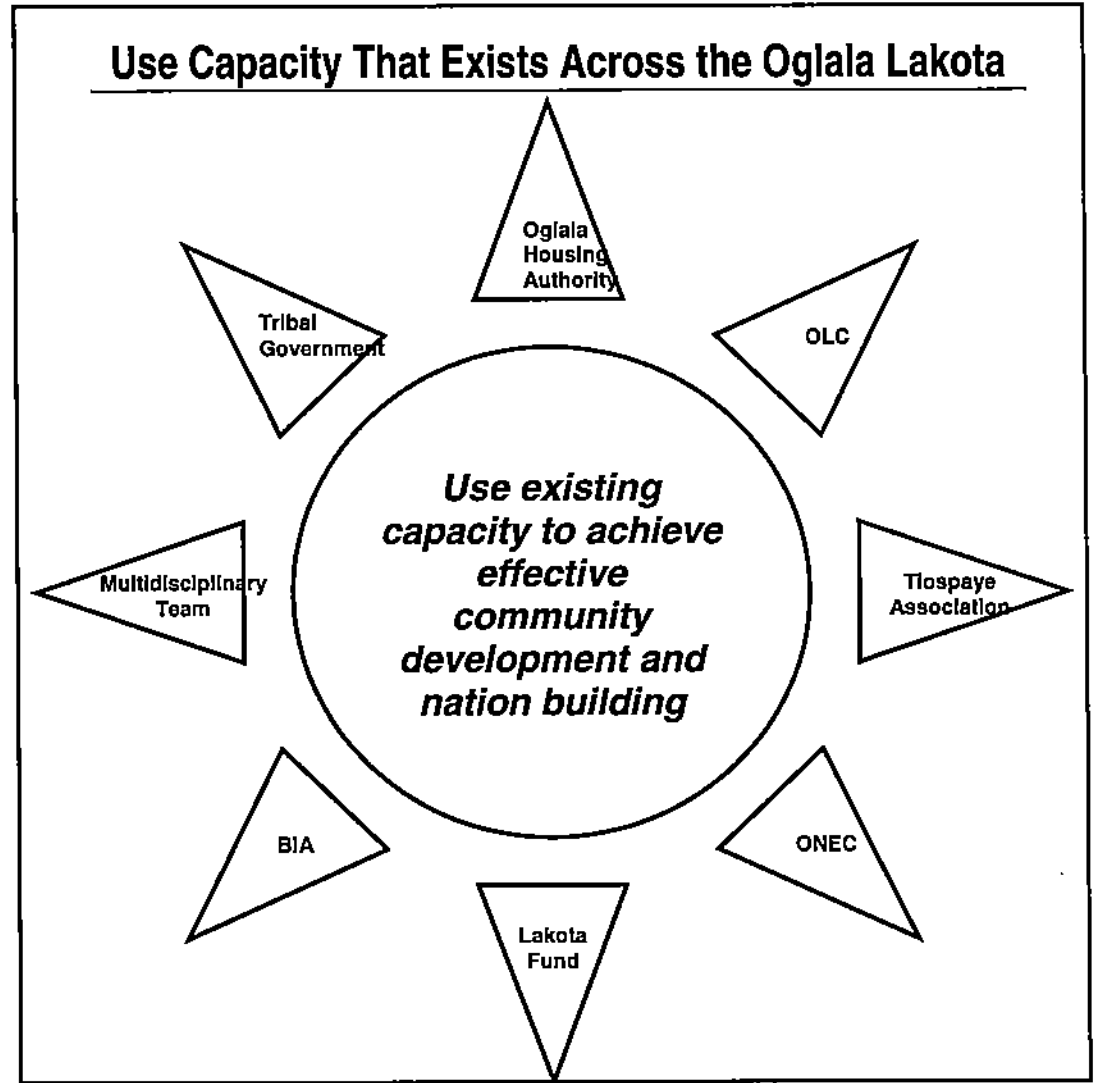
may be necessary to train workers first or contract temporary workers.

NOT EVERYBODY CAN LEARN ON THE JOB

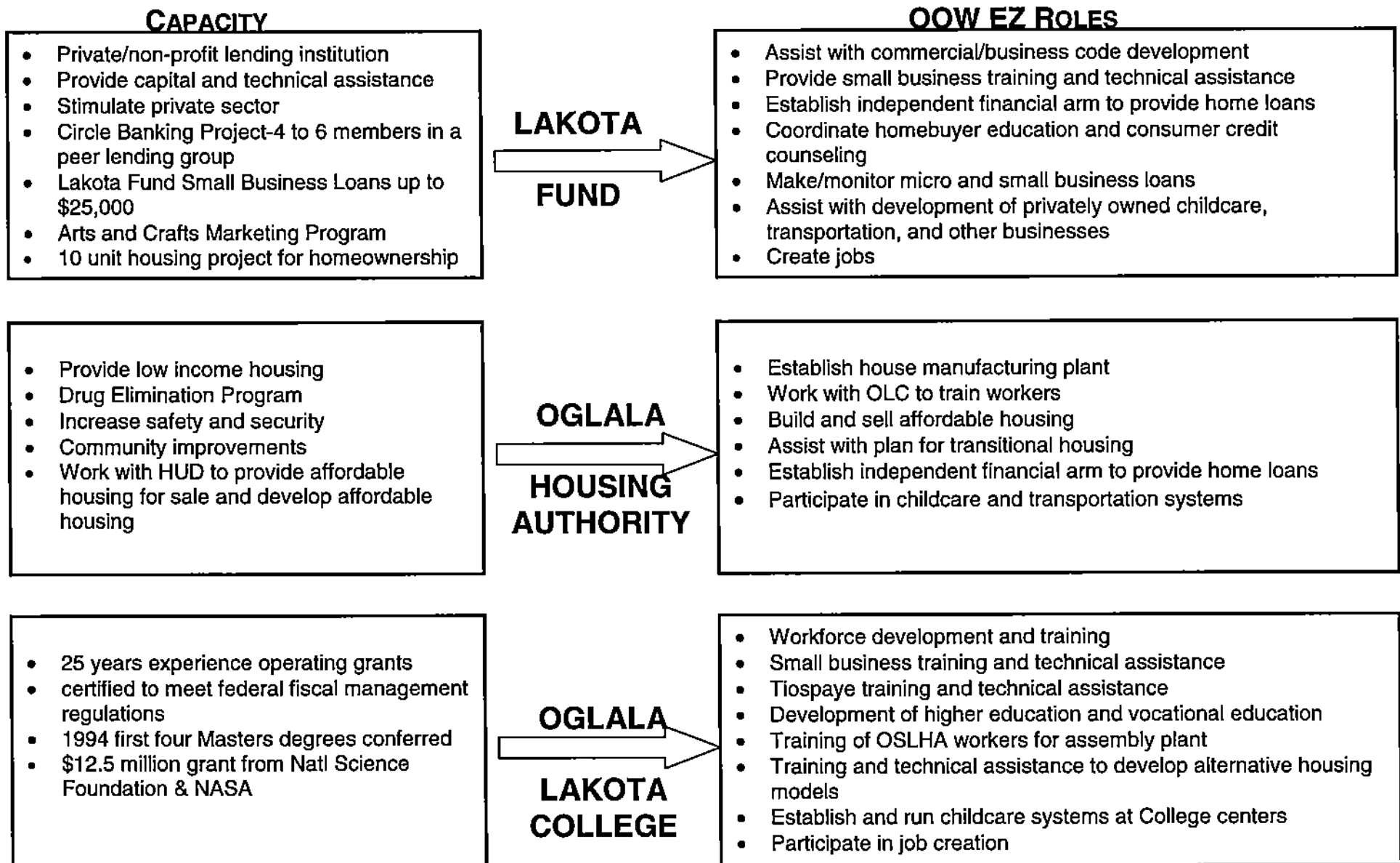
While it is important to provide as many learning opportunities as possible it's important to keep in mind that not everyone can learn on the job. In areas where there may be insufficient staff to do a job, it

“The President and his Administration designed the EZ/EC Initiative so that solutions would emerge from local neighborhoods, from the neighborhoods up rather than from Washington down.”

– EZ/EC Implementation Guide



EXAMPLES OF HOW TO USE THE CAPACITY THAT EXISTS



KEY PRINCIPLES OF GOOD EZ ORGANIZATIONAL DESIGN: DECENTRALIZED AUTHORITY

CULTURAL APPROPRIATENESS

In contrast to decisions being handed down by a small leadership group, decentralized decision-making is more culturally appropriate for the Oglala Lakota. Prior to the governance structure imposed by the current Constitution established under the Indian Reorganization Act in 1936, the Oglala Lakota were traditionally oriented by families and Tiospayes. In fact, hierarchical, top-down rulemaking and interaction is antithetical to the Oglala Lakota's family and clan-based culture. Ultimately, greater dispersion of authority will likely lead to a more effective functioning of all of the EZ entities.

INTENT OF EZ PROGRAM

Greater local decision-making authority is the basis for genuine community development, which is the fundamental intent of the EZ program and is what distinguishes it from many other types of federal grants. In fact, the USDA outlines four principles required of all Empowerment Zone plans: economic opportunity, sustainable community development, community-based partnerships, and strategic vision for change. It is noteworthy that two of the four emphasize the role of

community involvement. Furthermore, the program description indicates that governments play a supportive

“The operational philosophy of the Kentucky Highlands Empowerment Zone (KHEZ) is that for the initiative to be successful, the residents of the Zone must be making the decisions on how to implement the projects outlined in the Strategic Plan . . . Our management strategy has brought the process completely in the open and given anyone that wishes to participate an equal voice. We feel this is the only way to achieve long term success.”

– KHEZ Web Site

though not lead role. “Development of an effective plan must also involve the participation of the community affected by the nomination of the rural area, and of the private sector, acting in concert with the State or States and local governments.”

EFFICIENT USE OF RESOURCES

With a truly decentralized decision-making mechanism, each of the nine districts will take on the responsibility for determining priorities. When each district

mobilizes its constituent communities to establish these priorities, the process will inform the true needs of each district, and gives greater assurance that funds will be spent for the most useful and appropriate projects. Furthermore, shared, decentralized responsibility also will encourage better planning at the district level. The improved planning and project selection process will then allow districts to look for and apply for grants and other non-EZ funds that address their specific local needs. In contrast, having just one central decision-making body may lead to an inability to fully understand the needs or to

“The beauty of it is the community feel. It comes from the grass roots level.”

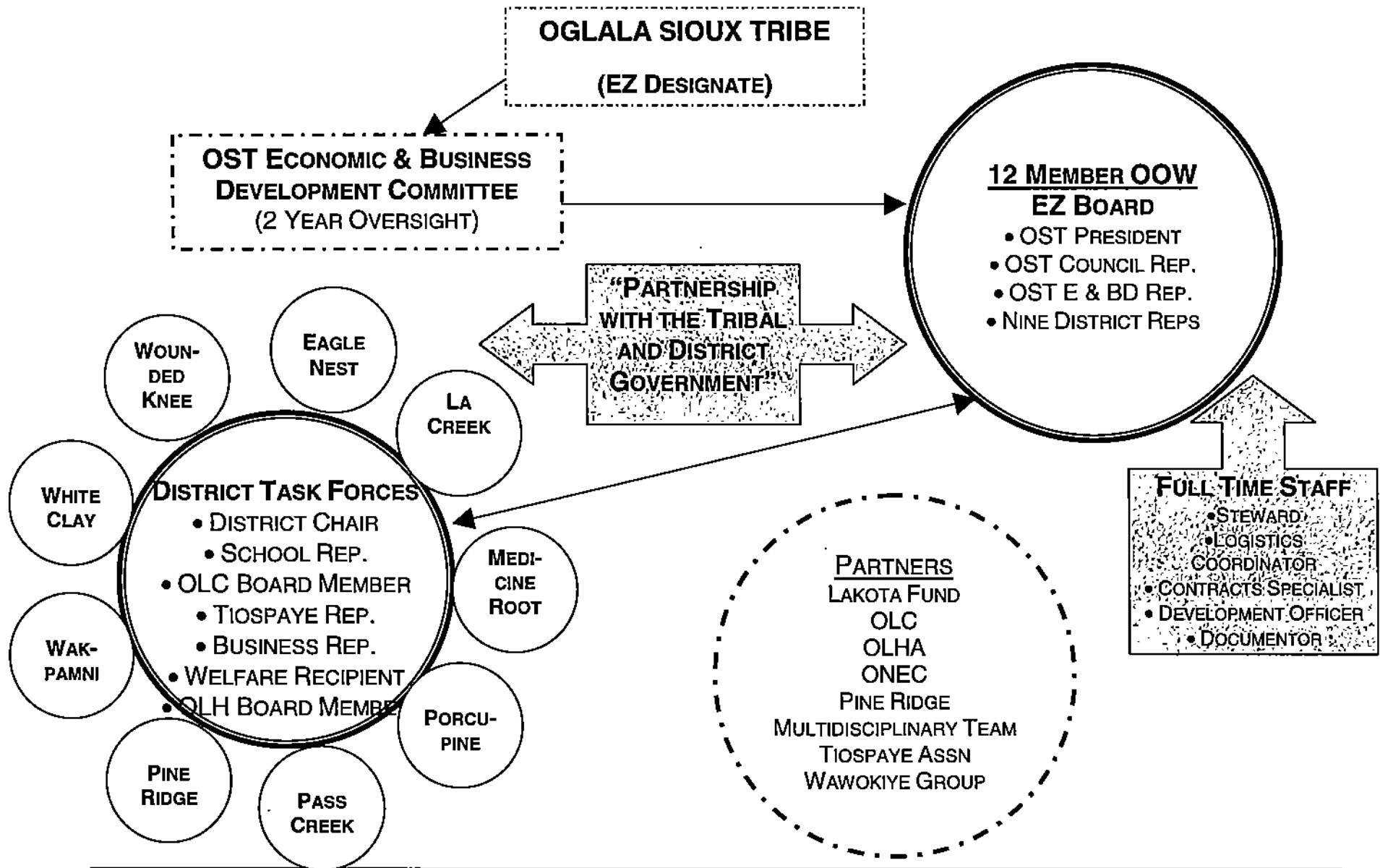
--Darrel Twiss

have the time to try to leverage funds from all possible sources.

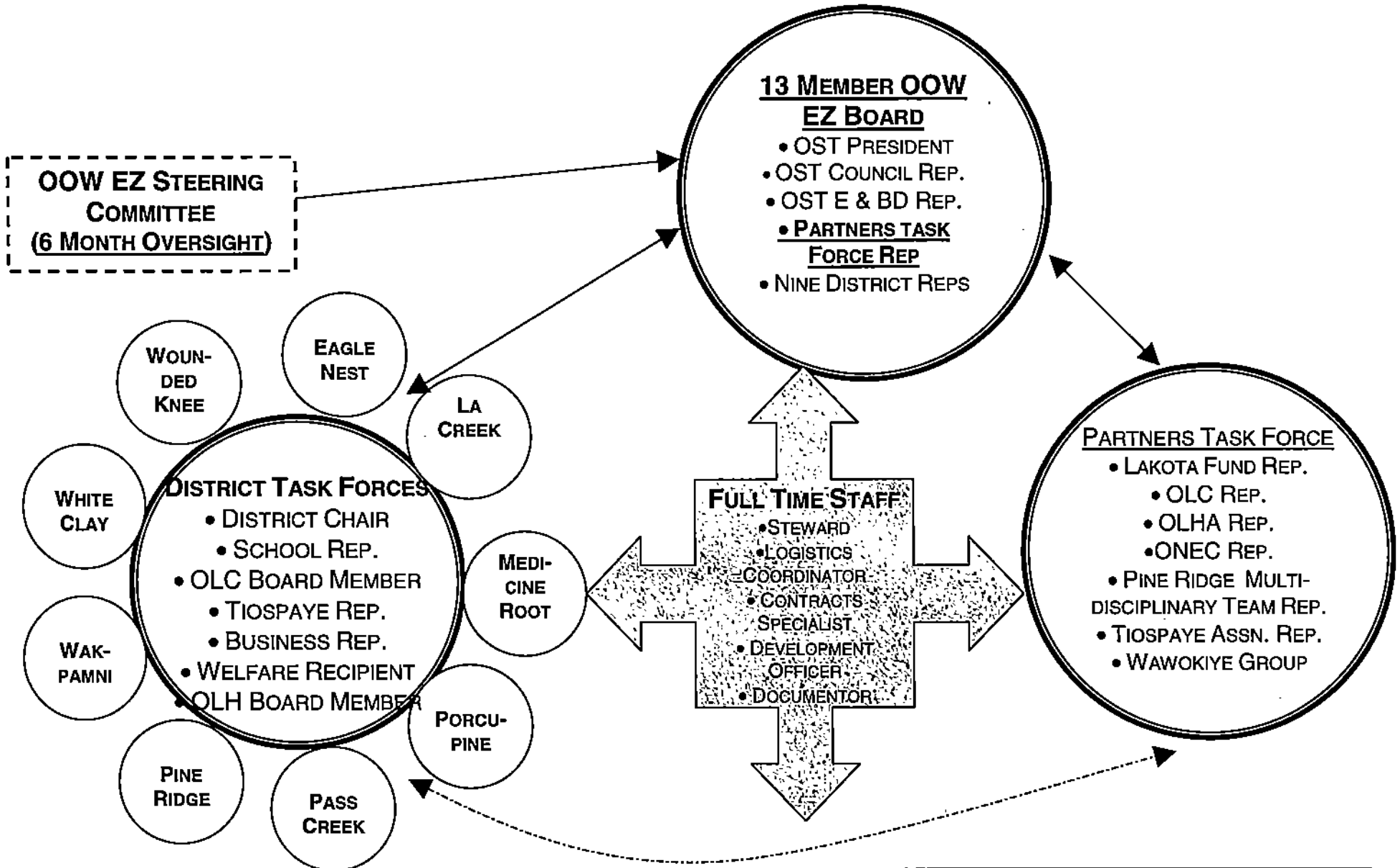
Lead Entities Will Ensure Involvement by . . .

- * Making sure residents have major voice on governing board
- * Setting rules and procedures to ensure community participation
- * Holding regular public meetings
- * Informing the public of plans, actions, results
- * Incorporating public input into the decision-making process

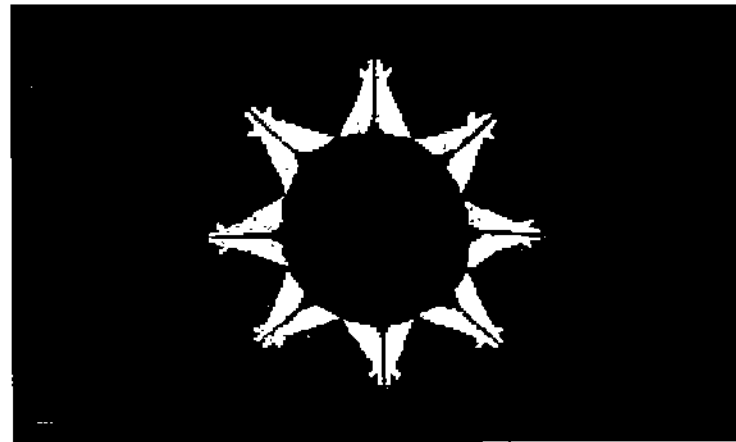
STRUCTURAL CHART FOR OOW EZ OUTLINED IN APPLICATION



REVISED STRUCTURAL CHART FOR OOW EZ



EZ IMPLEMENTATION



THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE: A TURNING POINT IN OGLALA LAKOTA NATION BUILDING

EZ IMPLEMENTATION

FUNDING ALLOCATION PLAN

A component of deciding how a project will be chosen and where the project or program will be placed depends upon the EZs guidelines on how funds are to be allocated. EZ officials must keep in mind the needs of the EZ constituencies and a balance between EZ wide projects, community level projects, and those projects that will benefit everyone. Most EZs choose to allocate their funds on a per capita basis, but each respective EZ community should reach the decision most appropriate.

PROJECT SELECTION PROCESS

Even with standard operating procedures for funding allocation decisions, it will still be necessary to show that development decisions follow a regularized process. EZ officials need to think about an appropriate process for OOW Board; to propose a set of guidelines which OOW Board members might use to separate "good" development opportunities from "bad" ones. Decision-makers within the EZ structure will have tough choices to make regarding proposed projects and programs that are in need of EZ support. If an objective and transparent project selection process is instituted early in the EZ designation, the possibility for complaint from EZ residents is less likely.

Key Principles of EZ Implementation

- * *Fund Allocation Scheme*
- * *Project Selection Process*
- * *Benchmark Review & Revision*
- * *Timelines that reflect short/long-term goals*

-- The Kentucky Highlands EZ developed a Project Manual, containing information on various federal regulations, for the local bodies to refer to when implementing projects.

that the community is not being measured against a benchmark they do not truly care about. It is also important to set up periodic reviews of the benchmarks not only to judge where the EZ is in its strategic plan, but also to revise the benchmarks if necessary. The needs and priorities of an EZ community will inevitably change over the course of 10 years, therefore the EZ community must be flexible and work with the Department of Agriculture to ensure the benchmarks remain true to the intent of the EZ program and community.

The benchmarks for an Empowerment Zone are critical to measuring the success of the EZ. Benchmarks that appropriately represent and measure the goals of the community must be set. An EZ must be sure that the benchmarks that are set forth in the strategic plan capture the intent of their programs so

Questions Communities Need to Address During Implementation

- How to assure broad-based community participation in planning, plan approval, plan implementation, plan amendment, benchmark review and revision?
- What would you do differently during the implementation phase from the application phase?
- How will you keep the public and your partners informed about issues and progress in implementing the strategic plan?
- What is needed to assure continuous quality improvement in implementation of the strategic plan?

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TIMELINES THAT REFLECT SHORT/LONG-TERM GOALS

Members of an EZ community may get frustrated with the lag time between designation and implementation. To resolve this tension, many EZs have established a timeline that includes short-term and long-term goals. The importance of short-term goals cannot be stressed enough.

In order to maintain community participation, EZ residents must see results, even if they are in the form of small-scale projects. Projects within the strategic plan that can be implemented quickly should be pursued early on, to give everyone in the EZ community a sense of accomplishment which will help to sustain their involvement in the EZ process.

RECOMMENDATIONS FOR IMPLEMENTATION

REVIEW OPTIONS AND ADOPT A FUNDING ALLOCATION PLAN

The USDA has indicated that fund disbursements will be made on a project by project basis. In the absence of a pre-determined set of guidelines for allocating the EZ funds in a fair manner, the OOW Board opens itself up to the possibility of capture by coalitions of more organized districts or interest groups. In order to avoid the potential for logrolling and criticisms of partiality, the OOW Board would benefit greatly from soliciting input into the development of a binding fund allocation mechanism.

The Mid-Delta EZ, which did not have concrete guidelines at the onset of their designation, found it necessary to establish rules part-way through to ensure that all EZ residents

would receive some direct benefit from the EZ grant money; both Rio Grande Valley and Kentucky Highlands have had funding allocation schemes in place from the start. The Kentucky Highlands' approach, of allocating half to EZ-wide projects and half to counties based on population, may be a viable approach for Pine Ridge. If districts know ahead of time how much they can expect to receive from the EZ funds, they will be better situated to do long-term planning and work on leveraging external project-specific funds.

OUTLINE PROCESS FOR REVIEWING AND REVISING INITIAL BENCHMARKS

The reduction of the anticipated EZ grant amount from \$40 million over the 10-year period to \$20 million over the 10-year period necessitates modification to the benchmarks and projects outlined in the OOW EZ application, for review by the

Key Recommendations for OOW EZ Implementation:

- * *Review options and adopt a funding allocation plan*
- * *Outline process for reviewing and revising initial benchmarks*
- * *Commit to periodic review of the benchmarks over the 10 years*
- * *Construct and adopt a project selection tool*
- * *Chart out short-term and long-term goals and activities on a comprehensive timeline*

USDA. A clear process for establishing priorities and revising the original benchmarks is critical in order to make sure that Pine Ridge can maximize the benefit from the grant. The OOW Board should take steps to ensure community members are involved. The initial benchmark

“We believe that any effective community and economic development strategy must ultimately be people-centered. In this sense, its principle aim must be oriented at providing opportunities for persons to respond creatively and innovatively to the challenges which hinder them from reaching their full potential.”

– MDEZA Guidelines

review process should involve all parties who will play key roles in the EZ administration to incorporate multiple perspectives. Furthermore, such a process should also include an exploration of which types of projects could secure significant amounts of non-EZ leveraged funds.

COMMIT TO PERIODIC REVIEW OF THE BENCHMARKS OVER THE 10 YEARS

It will be necessary to revisit the benchmarks periodically throughout the designation period. Projects that already have funds dedicated may either fall through or need to be modified, leading to extra funds that ought to be reallocated, or else which may demand additional unforeseen funding needs. In addition to making sure that the funding flows match the status of ongoing projects, adherence to a periodic review of benchmarks also allows an opportunity to make sure that goals are being met according to guidelines established in the timeline, and provides a point of transparency for residents of the EZ to measure the progress of OOW EZ activities.

CONSTRUCT AND ADOPT A PROJECT SELECTION TOOL

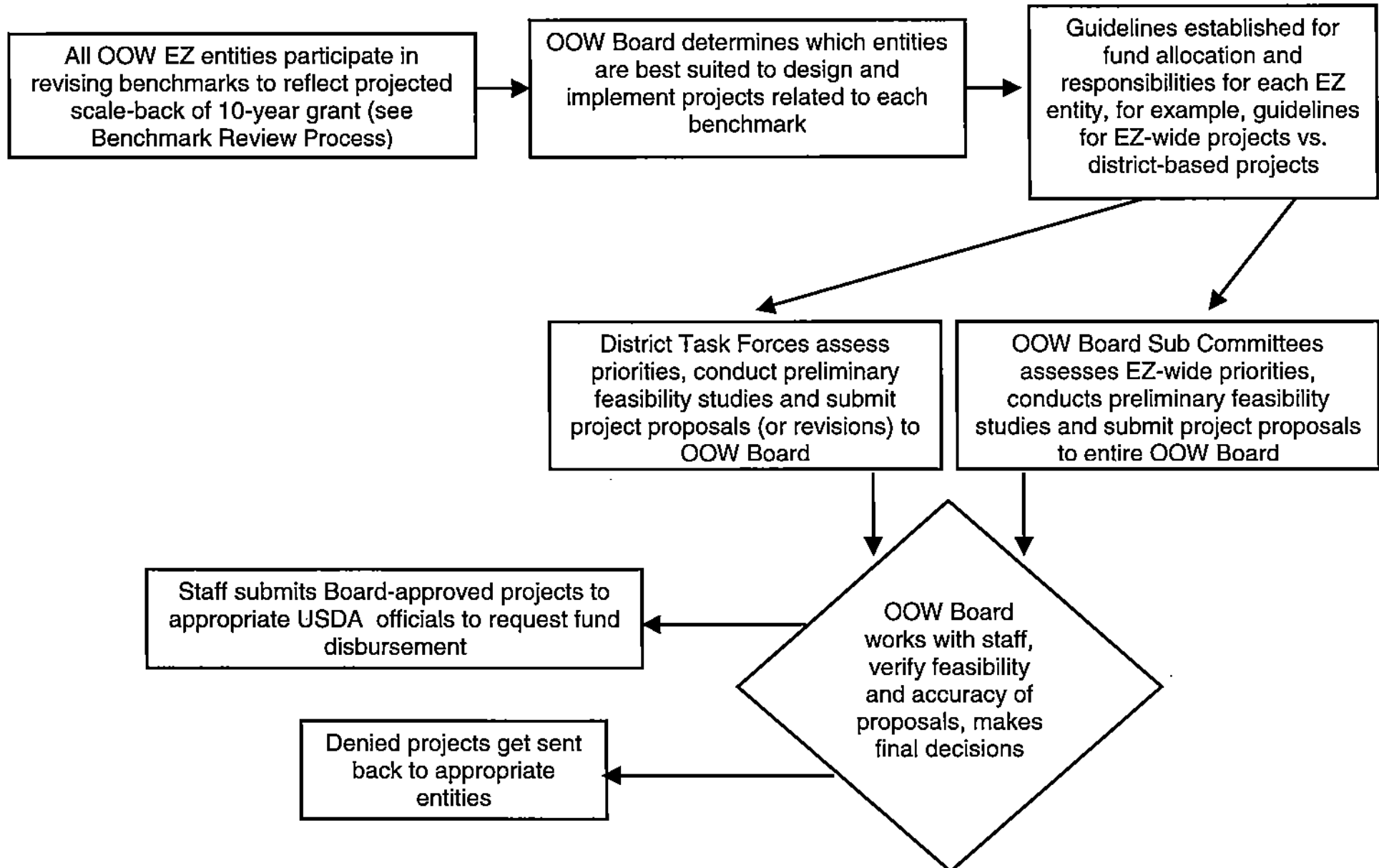
If ultimate authority over the selection of projects submitted to the USDA for fund disbursement will reside with the OOW EZ Board, an agreed-upon project selection tool will enable the Board members to make more efficient and less politically-driven choices. An ideal project selection tool would incorporate objective measures of costs and benefits, including factors such as feasibility, cultural appropriateness, and administrative complexity. Subjecting every proposed project to the same project selection tool will ensure a consistent level of quality and standards, and will facilitate the benchmark and review processes.

**CHART OUT SHORT-TERM AND LONG-TERM GOALS
AND ACTIVITIES ON A COMPREHENSIVE TIMELINE**

Collectively devising a timeline that incorporates all proposed projects and that reflects both short- and long-term goals will be helpful in assessing the feasibility of projects, and will provide a more realistic overview of the operations of the OOW EZ over the 10-year period. The

process of mapping out all proposed goals and projects on one document will also enable OOW EZ officials to see where there may be ebbs or flows in the anticipated work load of staff, and so can be a useful tool for planning. Sharing such timelines with the public will also keep the community members informed and interested in the tangible progress of the OOW EZ.

OVERVIEW OF RECOMMENDED EZ IMPLEMENTATION PROCESS



FUND ALLOCATION

EQUITY

Given that there are nine districts that must share the EZ resources, a funding mechanism that ensures equitable distribution of the funds must be established. The Round I Rural EZs took different approaches to allocating funds. The Kentucky Highlands EZ allocated fifty percent of the its funds to EZ wide projects and fifty percent to countywide projects. The countywide funding was determined on a per capita basis. The Rio Grande Valley EZ distributed all funds on a per capita basis. Allocating funds on a per capita basis ensures those counties with the largest concentration of residents receive the majority of the EZ benefits. The Mid-Delta EZ chose to fund the counties within the EZ that had the greatest level of need, but guaranteed each county at least \$1 million of investment.

Regardless of the approach the OOW Board takes in allocating funds, it is important that a rule is adopted that will guide the fund allocation. This will minimize any conflict or competition for resources between the Districts. There are various goals outlined in the strategic plan that benefit everyone within the EZ as well as projects that may be more beneficial to one district than to others. The OOW Board in making funding decisions must make sure that the distribution between Districts is equitable.

Sample Fund Allocation Plans:

- * *Establish 'budgets' for districts based on population***
- * *Evaluate projects on a first-come basis***
- * *Divide funds based on evaluation of special needs***
- * *Institute a hybrid of two or more of the above***

DISTRIBUTION

Another issue the OOW Board must address is how much of the EZ funds to allocate to each project or

program. The Mid-Delta EZ set a goal of fifteen percent EZ funds and eighty-five percent leveraged funds per project. Currently they are operating at a ratio of about 4 to 1 leveraged dollars to EZ funds. This strategy has both positive and negative effects. While it is good to use as few EZ dollars per project as possible to ensure more

projects in total, the OOW Board should avoid setting a goal that is so constraining that few projects can be funded. The OOW should look at the past history of matching grant awards for Tribal development and set a goal that is appropriate for the OOW EZ.

PROJECT SELECTION FILTER

WHY DOES IT MATTER?

The Project Selection Filter (PSF) is important for a number of reasons. It insures that all proposals are subject to the same standards and keeps planning focused on the best use of resources. It also insulates OOW Board and projects from the vagaries of politics (e.g. constituent pressure for particular ideas). The PSF keeps proposals moving through the system, so that final decisions are made on all projects in a timely manner while making the best use of OOW Board member's time.

WHAT DOES IT DO?

The PSF helps OOW choose development projects and screens out the proposals that make the least sense for OOW to pursue. It also presents a series of reasonable hurdles for each project to "clear". It is not meant to be a substitute for formal market analyses or feasibility studies or for a comprehensive strategic planning initiative. It is supposed to be a quick, self-administered, intermediate step designed to assist Indian entities in thinking through their situations and their options, and to improve the quality of their economic decisions.

*** For a sample Project Selection Filter, with an accompanying Strategic Analysis Instrument designed to identify economic development opportunities for Native American Nations, please refer to Appendix I at the end of this guide.*

BENCHMARK REVIEW & REVISION

INITIAL BENCHMARK REVIEW

The need for a Benchmark Review Process exists in two stages of the Empowerment Zone planning. The first occurs shortly after EZ designation. In Round II of the EZ program, changes were made to both the funding and the

administration of the EZ. The funding has been cut for year one from \$4 million to \$2 million and the following year's funding will be set forth by congressional budget. In addition, the funding will be project or program specific; there will be no general fund that the OOWEZ can draw down from. Given these two constraints the OOW Board in conjunction with the Task Forces must look at the current strategic plan as a basis for developing specific projects.

Citizens Should Expect to Participate By . . .

- *Becoming *involved*
- *Sharing in decision-making
- *Implementing the plan
- *Assessing progress
- *Approving changes to the plan

SUBSEQUENT BENCHMARK REVIEW

The second stage occurs in later years and throughout the existence of the EZ. A plan for periodic review and revision of benchmarks must be set forth. It is important to use the benchmarks as a measurement of the OOW's success, but also they represent the goals and objectives of an EZ community and should reflect changes in priorities and needs over the 10-year designation.

The current strategic plan outlines goals/objectives as well as benchmarks. There are few specific projects or programs mentioned in the plan. The OOW must develop a comprehensive plan for soliciting specific projects and programs that reflect the priorities of the Districts within

XXII

the EZ. The District Task Forces are in the best position to represent the wishes of the community to the OOW Board.

TOP-DOWN REVIEW APPROACH

There are two ways to think of a benchmark review process. There is the *top-down* method in which the OOW Board establishes a list of proposed benchmark amendments and receives input from the Task Forces. The OOW Board then votes on the modifications and hands down the decision to the EZ Staff. The EZ Staff communicates these decisions to the Task Forces and to the USDA officials. While this method works, it is not the most reflective of the EZ program intentions or Oglala culture in the sense that it is not community driven and there is little to no grassroots input.

BOTTOM-UP REVIEW APPROACH

Another *more effective way* to implement community development programs is the *bottom-up* approach. This method calls for each District Task Force to convene public hearings to review local and reservation-wide priorities and benchmarks. This is the principal point at which the public has the opportunity to make suggestions and voice their input.

In subsequent years, the District Task Forces will use this forum to report on the status of benchmarks and to entertain changes for projects that are not going as planned or could be improved by modification. The District Task Forces and OOW Board Issue-based subcommittees recommend the changes to the OOW Board and then submit them to the USDA for review. This method is more decentralized and allows EZ residents more input into the way the EZ is implemented over the ten years.

BENCHMARK REVISION EXAMPLE

BENCHMARK WORKSHEET FROM EZ APPLICATION

Problem: Lack of shopping opportunities in the EZ; residents money is spent off the Reservation, Tribal members are divided about whether Tribally owned businesses can be successful and therefore don't always support Tribal businesses.

Goal: Develop and consider spin-off of the Lakota Pride Shopping Center.

Benchmark Description: Local decision-making around ownership.

Unit of Measurement: Number of community members involved.

Baseline: Zero.

Benchmark Target: 50% of EZ residents.

Benchmark Leaders: OOW Staff

Tasks/Projects: 1) establish shopping center 2) coordinate community decision-makers 3) compile/analyze community involvement data and turn over to Tribal committees.

PROPOSED CHANGES TO BENCHMARK WORKSHEET

Problem: Tribal members do not always support Tribally owned businesses, which are then doomed to failure.

Long-term Goal: Change attitudes about supporting Tribally owned businesses.

Short-term Goal: Begin a community dialogue to discuss the need for Tribal members to support Tribally owned businesses; communicating the idea that not supporting the business because of a belief that it will fail is a self-fulfilling prophecy.

Benchmark Description: Community dialogue begun.

Unit of Measurement: Number of community members involved.

Baseline: Zero.

Benchmark Target: 50% of EZ residents.

Benchmark Leaders: District Task Forces

Tasks/Projects: 1) Coordinate community meetings in Districts 2) Partner with OLC/Lakota Fund to run "training" sessions for why it is important to support Tribally owned businesses.

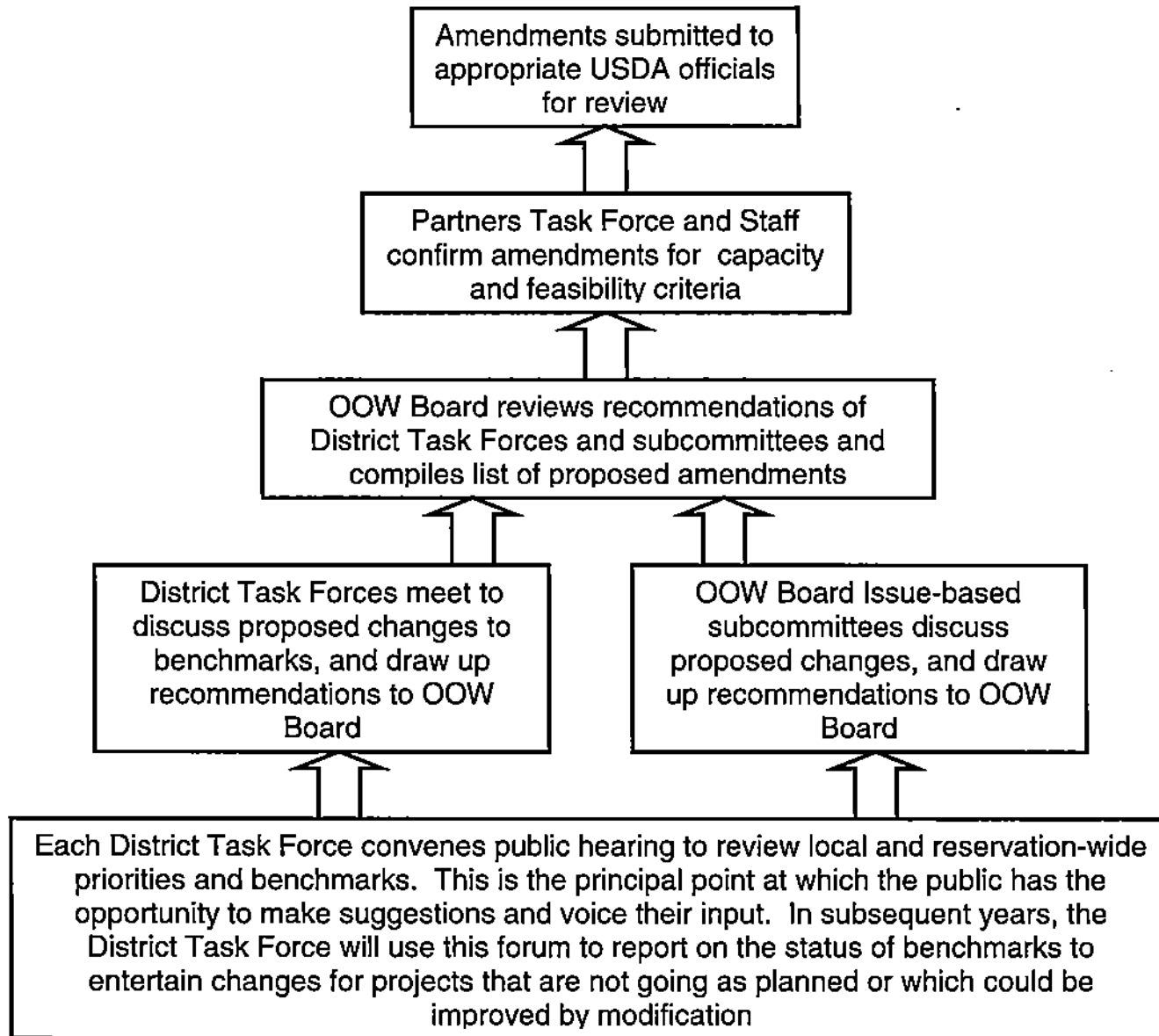
Criteria for an Effective Benchmark

- * *Specific*
- * *Realistic*
- * *Short-term/Long-term Goals*
- * *Measurable Over Time*
- * *Assigns Responsible Entity*

SAMPLE BENCHMARK PARTICIPANT ASSESSMENT FORM

BUSINESS BENCHMARK	PROJECT	LONG/SHORT TERM	OST	OOW BOARD	DISTRICT TASK FORCES	OOW PARTNERS	TRIBAL MEMBERS	OUTSIDE ENTITIES
#1: Facilitate development & approval of commercial and tourism codes	Gather input from businesses & get technical assistance	Short			✓	Lakota Fund	Entrepreneurs	SBA Tribal attorney
	Develop & approve commercial and tourism codes	Short	✓			Lakota Fund	Entrepreneurs	SBA
#2: Create new jobs through coordination of training and technical assistance	Expand OLC/Lakota Fund entrepreneurial training courses	Long			✓	Lakota Fund OLC		SBA
	Seek non-profit aid for job training programs, technical assistance	Long		✓		Lakota Fund		Foundations
#3: Provide resources for loans	Expand Lakota Fund's lending capacity	Short		✓		Lakota Fund		Foundations SBA
	Attract regional financial institution to open branch on Pine Ridge	Long	✓	✓				Private Businesses
#4: Local decision-making around ownership	Gather input from public	Short			✓		EZ Residents	
	Develop options for management	Short		✓	✓			
	Explore shopping center options	Long		✓	✓			Private Banks

BENCHMARK REVIEW PROCESS: BOTTOM \Rightarrow UP APPROACH



IMPLEMENT THE OOW EZ AND PROJECTS ACCORDING TO TIMELINES THAT REFLECT SHORT/LONG-TERM GOALS

START-UP IMPLEMENTATION TIMELINE

The first two or three years of the OOW EZ designation will demand the most careful planning, since much of the initial activity – the establishment of EZ structures, the development of guidelines, the hiring of staff – will impact the OOW EZ throughout the 10 –year designation. Furthermore, the Empowerment Zone Program is set up in a way that forces long-range planning, since the strategic plan and benchmarks must be submitted to the USDA for review. From the perspective of the USDA, much of the critical decision-making regarding projects that occur at the tail end of the designation will have to occur in the planning phase, so that only relatively minor changes are made in subsequent years.

PERIODIC PLANNING CYCLE (PPC)

Though much of the planning and decisions will occur at the beginning of the designation period, it will be just as important to monitor and revisit the benchmarks on a routine basis to make sure adequate progress is being made, and so that adjustments can be made to ongoing

projects as necessary. Committing to a periodic planning cycle at the onset will provide a basis for consistent quality and oversight of outputs throughout the 10-year designation, and will give those involved in the OOW EZ an opportunity to apply lessons learned from experience in real time.

SHORT-TERM / LONG-TERM GOALS

As the Benchmark Review Process begins and the OOW Board sets out to establish guidelines for project decision and fund allocation, time and the demands of EZ residents must be kept in mind. Establishing short-term and long-term goals with accompanying, appropriate benchmarks is the best way to ensure that EZ residents remain committed to the participation principle community development requires. Sustained economic development does not happen overnight and it will take time for the EZ residents to see some of the long-term effects of the EZ designation. Short-term projects that demonstrate results sooner can help to encourage the community and extend their patience until the long-term projects come to fruition.

SAMPLE START-UP IMPLEMENTATION TIMELINE

- * Incorporate Oglala Oyate Woitancan Empowerment Zone (as IRA Development Corporation, or as 501c3)
- * Organize District Task Forces (select representatives)
- * Convene Partners Task Force
- * Establish OOW EZ Board (District Task Forces, Partners Task Force, and Tribal Government select representatives)
- * OOW EZ Board publicly posts staff positions
- * Design and begin public information program (public hearings, radio notices, etc.)
- * OOW EZ Board publicly posts staff positions

Spring 1999

- * Finalize organizational structure (staffing, OOW Board, Task Forces)
- * Formalize relations between various entities; OOW EZ Board supports District project proposal process
- * Review plans for projects that can be started
- * Organize fund leveraging strategy
- * OOW EZ Board makes project designations

Summer 1999

- * Receive funds, hire staff
- * Finalize initial work plan and budget (first year in detail)
- * Issue contracts ,RFPs
- * Begin programs

Fall/Winter 1999

- * On-going monitoring
- * First year formal evaluation/audit
- * Formal periodic planning review (every periodic planning cycle)

Spring 2000 & Later

SAMPLE PERIODIC PLANNING CYCLE (EVERY 2-3 YEARS)

BASED ON THE RIO GRANDE VALLEY PPC

<ul style="list-style-type: none"> * Review existing plan success/problems/changes in trends/environment^{xxiii} 	<hr style="border: 1px solid black;"/> <p>Evaluation</p> <hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * Based on District Task Force evaluation and meetings, select future key issues 	<hr style="border: 1px solid black;"/> <p>New Key Issues</p> <hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * Resources analysis 	<hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * Systems analysis 	<hr style="border: 1px solid black;"/> <p>External & Internal Analysis</p> <hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * What will be achieved and how 	<hr style="border: 1px solid black;"/> <p>Determine Strategies</p> <hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * Timetables 	<hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * Resources 	<hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * Responsibilities 	<hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * Measures 	<hr style="border: 1px solid black;"/> <p>Tactical Plans</p> <hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * Ensure carry out 	<hr style="border: 1px solid black;"/>
<ul style="list-style-type: none"> * Adjust for sudden changes, updates 	<hr style="border: 1px solid black;"/> <p>Monitor & Update Issues</p> <hr style="border: 1px solid black;"/>

SAMPLE SHORT-/LONG-TERM SERVICE PROVISION GOALS

FROM THE RIO GRANDE VALLEY STRATEGIC PLAN SUMMARY

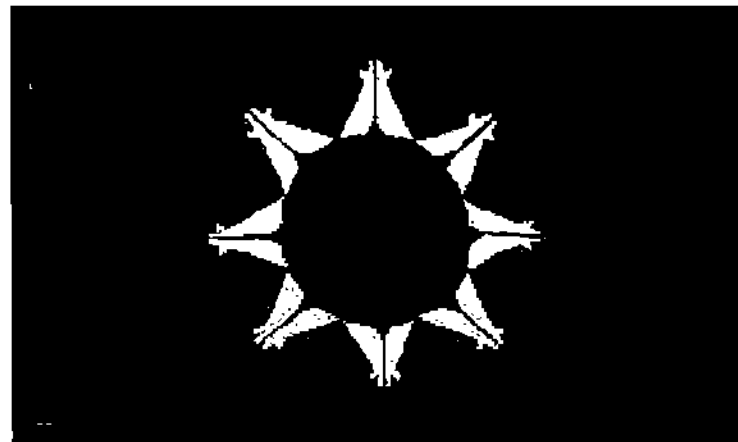
SHORT TERM GOALS

- * Advocacy system with strong networking including volunteer support. ^{xvii}
- * Bring quality literacy & G.E.D. programs to people in areas. Design around needs (daytime for women, night for men, employer sponsored). Spanish literacy program.
- * Expanded van systems with scheduled links to necessary services & jobs. Hiring of local s as drivers, etc. Could be operated by existing systems.
- * Umbrella insurance program for EZ services; Workers compensations for small business; trainee disability.
- * Develop network of community-oriented, primary care clinics with training, recruitment of primary care personnel. Subsidize training/recruitment for additional services.
- * Youth program facilities in selected areas.

LONG TERM GOALS

- * Work with region on larger public transportation system.
- * Hospitals/overall health needs improvement.
- * Integrated, coordinated human service system with non-duplication, streamlined funding and program regulation.
- * Available social service information system, possibly phone-based.
- * Parental responsibility and training.
- * Pride Community campaigns.

APPENDICES



THE OGLALA OYATE WOITANCAN EMPOWERMENT ZONE: A TURNING POINT IN OGLALA LAKOTA NATION BUILDING

Strategic Analysis for Economic Development in Native Communities

This instrument is designed to serve as an analytical tool for use by Indian nations, Indian-owned or -operated corporations or companies, Indian entrepreneurs, and other Native entities seeking to promote economic development in Native communities. It is not intended as a substitute for formal market analyses or feasibility studies or for a comprehensive strategic planning initiative. It is instead a relatively quick, self-administered, intermediate step designed to assist Indian entities in thinking through their situations and their options, and in improving the quality of their economic decisions.

This analysis cannot give you all the answers you need. Its purpose is to help you identify strengths and weaknesses as well as areas of opportunity and areas of concern.

- The analysis has six sections:
- I. Strategic Vision
 - II. Priorities and Concerns
 - III. External Environment
 - IV. Internal Environment
 - V. Assets
 - VI. Project Analysis

These may be completed independently of each other with the exception that the final section on Project Analysis depends to some extent on information in preceding sections.

Economic development may occur in many ways, from enhanced subsistence activities to retail development to manufacturing or service industry. It may take many forms, from tribally-owned enterprises to independent household or individual entrepreneurship to joint ventures with non-Indian operators. It may involve traditional activities or entirely new projects. This analysis makes no assumptions about what forms development should take. It does assume that economic development on Indian lands should be designed to meet the goals of the communities directly involved and should occur under Indian auspices.

I. Strategic Vision

American Indian nations face many of the same dilemmas faced by sovereign peoples everywhere. Among other things, sovereign peoples have to decide what kind of society they are trying to build for themselves and for those who come after them. Although any strategic analysis ultimately has to answer some very concrete questions — what circumstances do we have to deal with, what resources do we have to work with, and what should we do? — it has to begin with the question of goals: what is it we are trying to accomplish?

Answer the following questions as best you can:

As you imagine your society twenty-five years from now, what do you hope will be different in the way your people live, work, interact with each other, and interact with the non-Native world around them? Identify at least four items that you hope will be different twenty-five years from now.

What in your society today do you hope will last? What do you hope will still be a characteristic of your society? Identify four things that you hope will still be part of the way your people live, work, interact with each other, or interact with non-Native world around them twenty-five years from now.

What do you think are the two most important positive changes that have taken place in your society in the last twenty-five years?

What are the two most important negative changes that have taken place in your society in the last twenty-five years?

II. Priorities and Concerns

Strategic vision is a source of broad, long-term guidelines for decision-making and policy. However, the task of achieving that vision involves establishing shorter-term priorities and identifying specific concerns. Knowing your priorities and concerns allows you to figure out which of the various options you have are most likely to achieve your goals.

A. Priorities

As you consider economic development or business activity, you may have a number of things in mind that you hope to accomplish or to produce. Among the possibilities are these (there may be others):

- | | |
|----------------------------------|---------------------------------|
| jobs for tribal members | increasing tribal income |
| increasing household income | increasing tribal tax revenue |
| tribal business ownership | member business ownership |
| provision of goods and services | training and skills development |
| stimulation of new businesses | reducing dependence |
| strengthening sovereignty | long-term growth |
| strengthening indigenous culture | stronger public image |

Which of these are most important to you or your community? List your top three priorities (you can include goals not on this list):

1. _____
2. _____
3. _____

If you are considering a specific project, which, if any, of these goals does it support?

B. Concerns

Most business activities have costs of one sort or another. Most also create change in the communities where they take place. These costs and changes sometimes raise concerns for the community or its members. For each of the following, indicate *the level of impact you are willing to accept*:

Indebtedness	Lots	Some	None
Environmental deterioration	Lots	Some	None
Natural resource depletion	Lots	Some	None
Social impacts			
presence of non-Indians	Lots	Some	None
disruption of cultural activities	Lots	Some	None
disruption of social relations	Lots	Some	None
Reductions in sovereignty	Lots	Some	None
Participation in certain economic sectors (specify which sectors, if any are of concern, and how much e.g., gaming, tourism)			
Sector _____	Lots	Some	None
Sector _____	Lots	Some	None
Other concerns _____			

If you are considering a specific project, which, if any, of these concerns does it raise?

Project _____ Concerns _____

III. External Environment

The external environment consists of the economic and political/legal conditions under which the nation or entrepreneur has to operate. These conditions constrain or facilitate self-determined economic and business activity, making some activities impossible, making others more or less likely to succeed. Evaluating the external environment is a crucial part of strategic decision-making.

A. Political/Legal Conditions

DEGREE OF "DE FACTO" SOVEREIGNTY

Substantial research in the United States and around the world indicates that development controlled by outsiders seldom succeeds. Therefore, a critical question has to do with who actually controls many of the major decisions affecting the life of the community. "De facto" sovereignty simply means sovereignty in practice. The appropriate question is: regardless of what the law says, who *really* makes the decisions in tribal or community affairs?

In your community, who *really* calls the shots when it comes to (circle one for each line):

Land use within Native lands	Tribe	Feds	State	Other _____
Use of other natural resources (e.g., water, wildlife, subsurface)	Tribe	Feds	State	Other _____
Economic development strategy	Tribe	Feds	State	Other _____
Whether to start a tribal business	Tribe	Feds	State	Other _____
What tribal business to start	Tribe	Feds	State	Other _____
Use of tribal funds	Tribe	Feds	State	Other _____
Contracts between the tribe and non-Indian vendors or joint venture partners	Tribe	Feds	State	Other _____
Administration of social programs	Tribe	Feds	State	Other _____
Distribution of housing	Tribe	Feds	State	Other _____

If, in most cases, you circled "Tribe," then de facto sovereignty is high. If you didn't, de facto sovereignty is low. Considering what you circled, and realizing that this may oversimplify a complex situation, how would you describe de facto sovereignty in your community (circle one)?

High Medium Low

REGULATORY ISSUES

What regulatory advantages, if any, does your community have (for example, is the community free of certain state or federal taxes, environmental regulations, or other legal constraints that non-Native communities experience)?

INTERGOVERNMENTAL RELATIONS

Intergovernmental relations are complex and may be better in some activities than in others. From a strategic point of view, the appropriate question has to do with whether tribal initiatives are likely to encounter support, opposition, or indifference from other governments.

At the risk of oversimplifying, how would you describe relations between the tribe or community and the federal government (circle one)?

Confrontational Cooperative Non-existent

How would you describe relations between the tribe or community and the state government (circle one)?

Confrontational Cooperative Non-existent

B. Economic Conditions

MARKETS

Markets are for specific products or services. It makes sense to ask questions about the state of the market for a particular product or service. If you know what product or service you wish to offer, you may answer the following questions with that in mind. If you don't have a particular product or service in mind, answering these questions can still give you an overview of your market situation.

To the best of your ability, describe each of the following markets (circle "yes" or "no" or fill in the blanks):

The internal market (the community itself)

Significant in size	Yes	No	Specific needs _____
Accessible	Yes	No	_____
Has buying power	Yes	No	_____

SECTORS

Before deciding to commit to a particular business activity, you probably will want to complete some kind of more detailed market analysis. A useful preliminary step, however, is to review what you already know or can easily find out about the sector (for example, tourism, timber, food processing, retailing, arts and crafts, etc.) that you are considering going into.

What sector(s) of the economy are you considering entering?

What is the current condition of that sector(s): growing, stagnant, or declining?

Sector _____	Condition _____
Sector _____	Condition _____
Sector _____	Condition _____

What is competition currently like in that sector(s): heavy (in which case it may be difficult to keep costs low enough to compete), or light (in which case there may be an opportunity for another player)?

Sector _____	Competition _____
Sector _____	Competition _____
Sector _____	Competition _____

If you do not know the current condition of the sector(s), how might you find out?

IV. Internal Environment

One of the crucial factors in economic development is the internal environment created by the governing institutions, politics, and culture of the nation or community. These form the environment in which potential investors — including tribal members — decide whether or not to bet their money, time, energy, or ideas on the future of the community. If that environment is unstable, highly politicized, or corrupt, investors will look elsewhere for opportunities. In particular, regardless of how much capital, education, or natural resources are available to you, without sound governing institutions, few businesses will last. Therefore, understanding the internal environment in which business has to operate is a key component of any strategic analysis.

A. Governing Institutions

For businesses to succeed and for lasting economic development to take root, governments have to provide certain things. Among these are:

- A stable institutional environment
- Separation of politics from business operations
- Effective and fair dispute resolution
- An administration that can get things done

STABILITY

When we talk about "investors" we mean not only those with dollars but anyone with energy, time, or ideas that they might be persuaded to bet on the future of the community. Few investors are willing to invest in unstable situations. Instability in governing institutions has undermined economic development in many countries around the world.

Do you have a tribal constitution that specifies how tribal government is organized and operates (circle one)?

Yes No

If you do not operate under a written tribal constitution, what is the basis of tribal government (e.g., traditional government, corporate charter, etc.)

Other things equal, longer terms of office for tribal presidents and council members provide more stability in government than shorter terms do. What is the term of office for your chair or president (check one)?

Two years _____ Four years _____ Other (specify) _____

What is the term of office for members of your tribal council (check one)?

Two years _____ Four years _____ Other (specify) _____

Other things equal, staggered terms of office for council members lead to more stability than terms that all expire at the same time. Do you have staggered terms of office for council members?

Yes No

Where tribal presidents or councils control all appointment to tribal government jobs, there tends to be less stability (when the administration changes, more jobs change). Where at least some jobs are protected from turnover with each new administration, there tends to be more stability. Can a new president or chair in your government replace anybody in the administration if he or she wants to?

Yes No

SEPARATION OF POLITICS FROM BUSINESS OPERATIONS

Systematic research indicates that those businesses that are insulated somehow from political interference are four times as likely to be profitable as those where tribal governments play a significant role in day-to-day business operations.

Do the tribal president, chair, or members of the tribal council play a significant role in the day-to-day operations of tribally-owned businesses in your community?

Yes No

Can the managers of tribally-owned businesses make most hiring, firing, payroll, purchasing, marketing, and other day-to-day business decisions without checking with the tribal council or tribal president?

Yes No

Does the manager of your tribally-owned business report to a board of directors or to the tribal council / president (for each business indicate board or council/president)?

Business #1 _____

Business #2 _____

Business #3 _____

If the manager reports to a board of directors, how many members of that board of directors are also either members of the tribal council or the tribal president?

Business #1	all of the board _____	Business #2	all of the board _____
	half the board _____		half the board _____
	only 1-2 _____		only 1-2 _____
	none _____		none _____
Business #3	all of the board _____	only 1-2	_____
	half the board _____	none	_____

Do your tribally-owned enterprises have their own charters that specify how they are to operate and what their relationship to the tribe is?

Yes No

Are there *effective* cultural constraints that prevent the president or council members from introducing tribal politics into business operations?

Yes No

Generally speaking, would you say that political interference is or is not a significant problem in your tribally-owned enterprises (circle one)?

Is a significant problem

Is not a significant problem

If you are the manager of a tribally-owned business, how much of a role would you say local political issues play in your decisions (check one)?

The primary role _____

A major role _____

Some role _____

Not much of a role _____

No role at all _____

If you are a manager or a member of the board of a village corporation (Alaska), what role would you say village politics plays in your business decisions (check one)?

The primary role _____

A major role _____

Some role _____

Not much of a role _____

No role at all _____

If you are an entrepreneur running your own business, how much would you say you have to worry — as a business person — about tribal politics (check one)?

Worry about it a lot _____

Worry about it a little _____

Don't worry about it _____

DISPUTE RESOLUTION

Fair and effective dispute resolution is a critical component of lasting economic development and business success. It is important that those working for or with the tribe or its enterprises, or those operating businesses with tribal resources or on tribal lands, believe that they will be fairly treated in disputes with others, including disputes with the tribe or its leadership.

If you have a tribal court, is that court controlled by the tribal council or is it an independent body?

Council controlled

Independent

Are tribal judges elected by the people or appointed by the council or president?

Elected

Appointed

If judges are appointed by the council or the president, can they also be removed by the council or the president?

Yes

No

Are judges' terms of office the same length as the terms of council members and the president or chair, or are they different in length?

Same as council/chair

Different from council/chair

If you do not have a separate tribal court, do you use other means of adjudicating disputes among tribal members or between member-owned businesses and the tribe (check all that apply)?

Board of ethics

Traditional dispute resolution

State courts

Council serves as tribal court

Other (specify) _____

If you are an entrepreneur running your own business, how confident are you that disputes between you and the tribe or its leadership will be fairly dealt with (check one)?

Very confident

Confident

Not very confident

Utterly discouraged

ADMINISTRATION

How would you describe morale in the tribal administration (check one)?

High _____ Medium _____ Low _____

When a new president or chair is elected, do most workers in tribal administration worry about being fired?

Yes No

If you are an entrepreneur running your own business, how would you describe the tribal administration (check one for each pair):

Helpful _____ Unhelpful _____

Efficient _____ Inefficient _____

Easy to deal with _____ Difficult to deal with _____

or. I have no dealings with the tribal administration _____

Are administrative procedures clear and consistent?

Yes No

SUMMARY

As you go back over your answers to the questions about governing institutions, would you describe the governing institutions in your community as

Stable (circle one)? Yes No

Fair (circle one)? Yes No

Effective (circle one)? Yes No

What, if anything, do you think needs to change if the governing institutions are to be improved?

B. Politics

Most communities have disagreements about strategic direction, priorities, people, and other topics. There are two major issues from the point of view of economic development and business activity. Do disagreements tend to be about real issues or do they represent long-standing divisions within the community (as, for example, along family lines)? Do disagreements make the government incapable of effective decisions?

How would you describe politics in your Indian or other Native community (check one)?

Lots of conflict, very tense _____

Sometimes there's conflict, sometimes not _____

There are disagreements, but not a lot of serious conflict _____

Everybody agrees about everything! _____

If there are major conflicts, would you say that they are the products of recent events or current issues and may change, or that they go back farther than anyone can remember and seem to be rooted in long-standing divisions (check one)?

Products of recent events or current issues, may change _____

Go way back, tied to long-standing divisions _____

When conflict arises within the community, does the community have effective ways of dealing with that conflict and deciding a course of action, or do politics often bring everything to a halt, immobilizing the tribe (check one)?

We usually deal with conflict effectively _____

We are often immobilized by internal conflicts _____

C. Culture

Some people claim that Native cultures are obstacles to economic development. Our research suggests that some Native cultural practices may make some kinds of development more or less difficult. But the more important question is: does the development strategy chosen by the tribe or community fit the culture of the people? If there is a good fit, then (other things equal) the chances of successful development rise. If not, they drop.

The following questions may help you determine what kinds of development strategies fit your cultural situation.

Indian communities where primary allegiance among community members is to the tribe as a whole often are good candidates for large enterprises that require the centralization of resources and effort and that are closely identified with the tribe. Communities where primary allegiance among community members is to a district, band, clan, or other subgroup within the community often are better candidates for smaller-scale, locally-run enterprises or for cottage industry.

Where does primary allegiance lie in your community (check one)?

Tribe _____

District _____

Clan or other kinship group _____

Indian communities in which the culture supports hierarchical relationships in which some people have to tell other people what to do are often good candidates for large enterprises in which there are several levels of authority. In such communities, it is not a problem to have one member of the community (a boss) telling another what to do at work. Communities in which the culture resists hierarchies are often poor candidates for large enterprises that require multiple levels of authority.

Does your culture tolerate hierarchy (bosses telling workers what to do) (circle one)?

Yes No

Some Indian communities encourage individual initiative and success, and give high prestige to those individuals who step out of the crowd and build a record of individual achievement, including wealth. Such communities often are good candidates for retail enterprises, which demand high individual commitment to quality of service and market sensitivity, or for individual entrepreneurship more generally. Other Indian cultures are less individualistic, giving more prestige to those who subordinate their own interests to those of the community as a whole. Such communities often are better candidates for tribally-run enterprises.

How would you describe the culture of your community (check one)?

More individualistic _____

Somewhere between the two _____

Less individualistic _____

Some Indian communities encourage relationships with outsiders, find it easy to work with outsiders (including non-Indians), or don't mind having outsiders around. Such communities may be good candidates for tourism, for retail operations that market to non-members, or for operations that involve a mixed member and non-member labor force. Other Indian communities are less tolerant of such relationships, find working with outsiders difficult, or don't like having outsiders around the community in large numbers. Such communities may not be good candidates for these kinds of enterprises, although they may be good candidates for gaming or for resort tourism in which outsiders are concentrated in a single and relatively small geographical area.

How would you describe the culture of your community (check one)?

Insular (we generally don't like working with outsiders
or having them around) _____

Less insular (we really don't mind working with outsiders
or having them around) _____

V. Assets

By assets we refer to the human, cultural, financial, natural, and other resources that the nation or entrepreneur can contribute to economic development or to specific business activities.

CAPITAL

What funds, if any, does the tribe, community, or entrepreneur control that can be used for a business start-up?

What has to happen for those funds to be made available (e.g., council decision, shareholder decision, managerial decision, etc.)?

What other sources of capital are available or might be available to the tribe or community or to an entrepreneur within the community (e.g., is there a credit association that makes business loans, does the community have a good relationship with a bank, are there federal grant or loan programs that are applicable and that the community might qualify for)?

Other than the trust status of Native lands, are there other obstacles that may prevent the tribe or community from obtaining otherwise available funds?

Given your answers to these questions, how would you describe the capital situation?

Accessible capital (in tribe's hands)	High	Med	Low
Loan possibilities	High	Med	Low
Grant possibilities (bear in mind that there are almost <i>no</i> grants to fund for-profit activities)	High	Med	Low

NATURAL RESOURCES

What natural resources does the tribe or community control that can be used in development or as the basis of a business?

What has to happen for those resources to be made available (e.g., land use planning board has to decide, clan has to give permission, council has to approve lease, etc.)?

PEOPLE

What, in general, is the educational level of the community (check one)?

High (a lot of people have some college or professional training) _____

Medium (most adults are high school graduates) _____

Low (few adults are high school graduates) _____

What, in general, is the skill level of the community (check one)?

High (a lot of people have worked in skilled jobs or know skilled crafts) _____

Medium (some people have worked in skilled jobs or know skilled crafts) _____

Low (few people have worked in skilled jobs or know skilled crafts) _____

Are there particular skills that are widespread in the community? If so, what are they?

Are there other characteristics, attributes, or qualities that you see in the people of the community or tribe that should be considered a community asset and that might help in economic development or in business activity? If so, what are they?

CULTURE

What cultural resources in the community or tribe may be marketable or otherwise useful in economic development (check all that apply)?

- Artistic or craft abilities _____
- Knowledge of the land or animals _____
- Dense kinship ties and other social relations _____
- Other _____

LOCATION

Are there reasons, other than the natural resources of the area, why your location may be important in economic development (e.g., a pipeline or railroad or important waterway crosses or will have to cross your land).

VI. Project Analysis

Also known as a Project Selection Filter, this section helps you evaluate the pros and cons of pursuing particular projects. It may be especially useful if you are considering a range of possible business opportunities. The Project Analysis can give you a preliminary view of how promising each opportunity is, allowing you to reduce the list of options fairly quickly to the two or three most promising candidates. You can then move on to a more detailed feasibility analysis of those.

A. Enterprise Requirements

For each proposed project, answer the following questions, filling in the blanks or circling the best response:

Initial capital investment required High Med Low estimate (if you can) _____

Continuing capital needs (i.e., are you likely to have to inject additional capital down the road for equipment, expansion, etc.?) High Med Low estimate (if you can) _____

Skills (will this require highly skilled labor, moderately skilled labor, or unskilled labor)? High Med Low mixed (specify) _____

Is that labor supply available? Yes No

Infrastructure needed:
 physical (utilities, roads, etc.) _____

 bureaucratic (a support system of personnel) _____

What is the appropriate organizational form (e.g., does this activity require a large organization with lots of bosses? can it be done with household labor? can small units be competitive??) _____

Does it make sense for this enterprise to be owned by the tribe (public sector) or by an individual entrepreneur (private sector) Public Private

System fit (is the fit with other activities in the area good or bad?) Good Bad

If bad, why? _____

B. The Business Context

For each proposed project, answer the following questions as best you can:

Where's the market?

How big is it? (your best estimate)

What's the competition?

Given the size of the market, would you say there is lots of competition, some competition, not much competition?

Lots Some Not much

What's the sector outlook?

Growing Stable Declining

C. Your Assets

For each project and to the best of your ability, estimate whether the assets you have are adequate *for this project*. Bear in mind that conditions may change over the life of the business (check in appropriate columns).

Assets	Adequate	Inadequate	Likely to Improve	Likely to Deteriorate
Natural resources				
Access to financial capital				
Skills				
Institutional foundation (do your governing institutions protect investments; are they stable; can they get things done?)				

What do you have that gives you a *competitive advantage* over others who are already in the same business or may enter it? (check as many as you think you have)

Experience	_____	Access to market	_____
Skills	_____	Regulatory relief	_____
Labor costs	_____	Tax relief	_____
Access to materials/resources	_____	Culture	_____

D. Cultural Considerations

Different kinds of enterprises work better using different kinds of organizational forms. For example, capital-intensive extractive industry (such as mining) tends to require large, centralized organization if it is to be efficient. Service-intensive retail operations, on the other hand, often work best on a smaller scale and with private (as opposed to tribal) ownership. But some of these forms work better in some cultures than in others. Other cultural considerations may include the presence of non-tribal members in positions of authority, the presence of non-tribal members on Native lands, and certain uses of natural resources.

For each project, answer the following questions as best you can.

Does the appropriate organizational form for this enterprise meet the cultural preferences of the community?

Scale (large vs. small)	Yes	No
Authority (centralized vs. decentralized)	Yes	No
Form of ownership (tribe vs. individual/family)	Yes	No
Will it require outsiders in management positions?	Yes	No
If yes, is this acceptable to people in the community?	Yes	No
Will it draw outsiders to the tribe's lands?	Yes	No
If yes, is this acceptable to people in the community?	Yes	No
In the view of the community is this likely to be an acceptable use of natural resources?	Yes	No

E. Strategic Priorities and Concerns

Which of the priorities you identified in Section II on Priorities and Concerns (see above) does this project support?

Which of the concerns you identified in Section II on Priorities and Concerns (see above) does this project raise?

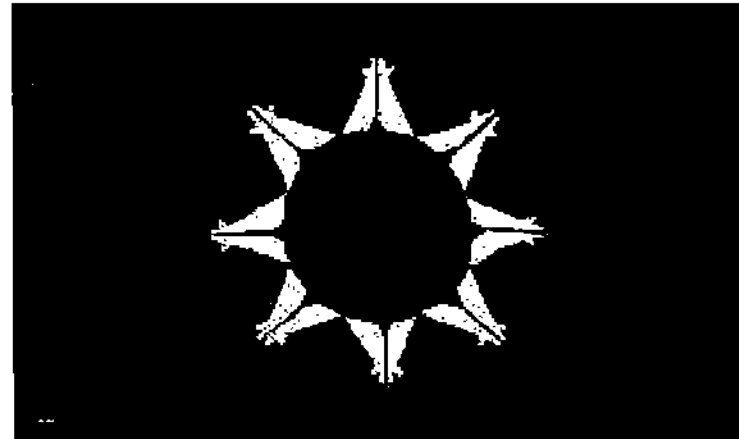
F. Comparing Projects

On the following page is a matrix that brings together the various pieces of the Project Analysis. It is intended to allow you to quickly and simply compare the various projects you are considering in terms of the questions you have answered in this section. The graph suffers from being compressed onto a single page, but it can be used in the following manner.

1. Number the projects you are considering (1, 2, 3...).
2. Enter those numbers in the left-hand column (Project).
3. For each project, under each of the remaining columns enter a check (\checkmark) if the project looks promising in terms of that column heading. Enter an X if the project does not look promising in terms of that column heading. In other words, enter a check (positive) if the project looks good in terms of (for example) skills or system fit or competitive advantage; enter an X (negative) if it does not.
4. Compare projects in terms of their overall profiles and in terms of which issues they raise for you or the community.

Note: This method gives equal weight to every consideration. You may wish to weight things differently. Also note that you can expand or reorganize this graph to provide you with more information.

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- ⁱ For further background information, please refer to previous reports by Aoki and Chatman, Lu and Witte, Thaler and Manzanares, Pierson and Tombar.
- ⁱⁱ Oglala Sioux Tribe. Empowerment Zone Application. 1998.
- ⁱⁱⁱ Bureau of Economic Analysis. 1994.
- ^{iv} Aoki, Andrew and Chapman, John. An Economic Development Policy for the Oglala Nation. April 1997.
- ^v Oglala Sioux Tribe. Empowerment Zone Application. 1998.
- ^{vi} Ibid.
- ^{vii} EZEC web site (<http://www.ezec.gov>)
- ^{viii} Ibid.
- ^{ix} Ibid.
- ^x <http://www.ezec.gov/ezec/KY/kyhigh.html>
- ^{xi} <http://www.ezec.gov/ezec/MS/mdeza.html>
- ^{xii} EZEC web site (<http://www.ezec.gov>)
- ^{xiii} Ibid.
- ^{xiv} Ibid.
- ^{xv} Darrell Twiss 2/9/99
- ^{xvi} Steele, from Aoki and Chapman
- ^{xvii} Cornell, Stephen and Kalt, Joseph. What Can Tribes Do? Strategies and Institutions in American Indian Economic Development. American Indian Studies Center, UCLA. 1992.
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- ^{xix} EZEC web site (<http://www.ezec.gov>)
- ^{xx} Ibid.
- ^{xxi} Ibid.
- ^{xxii} Ibid.
- ^{xxiii} Rio Grande Valley Empowerment Zone Strategic Plan Summary, p. 7. In information packet received from the Rio Grande Empowerment Zone Corporation.
- ^{xxiv} Ibid.