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ABSTRACT

The Selected Indian Reservation Program established under the Economic Development Administration in 1967 was evaluated in terms of actual or potential job creation via detailed assessment of EDA activities on 16 reservations, discussions at the regional and national levels of EDA program tools (public work grants/loans, business development loans, technical assistance grants, and planning grants) with Indian program staff. General results indicated that as of April 1970: total EDA assistance was \$112,872,188; EDA approved 111 projects and \$44,000,000 for the projects on the 16 original reservations; these projects created or saved 2,305 jobs of which 1,941 were newly created; the bulk of EDA funds went for public works (85%); neither the business loan nor the technical assistance program had been very significant; the planning assistance program showed promise but needed much improvement; the EDA program was generally well regarded by most Indian leaders; there was substantial improvement in job development on at least 4 reservations, considerable help on 5 others, and marginal results on the remaining 7; tribal development specialists' expertise, continuity of tribal government, market proximity, and resource availability were correlated with successes; EDA program fragmentation (separate program tools and separate hierarchies) had not served the program well. (JC)

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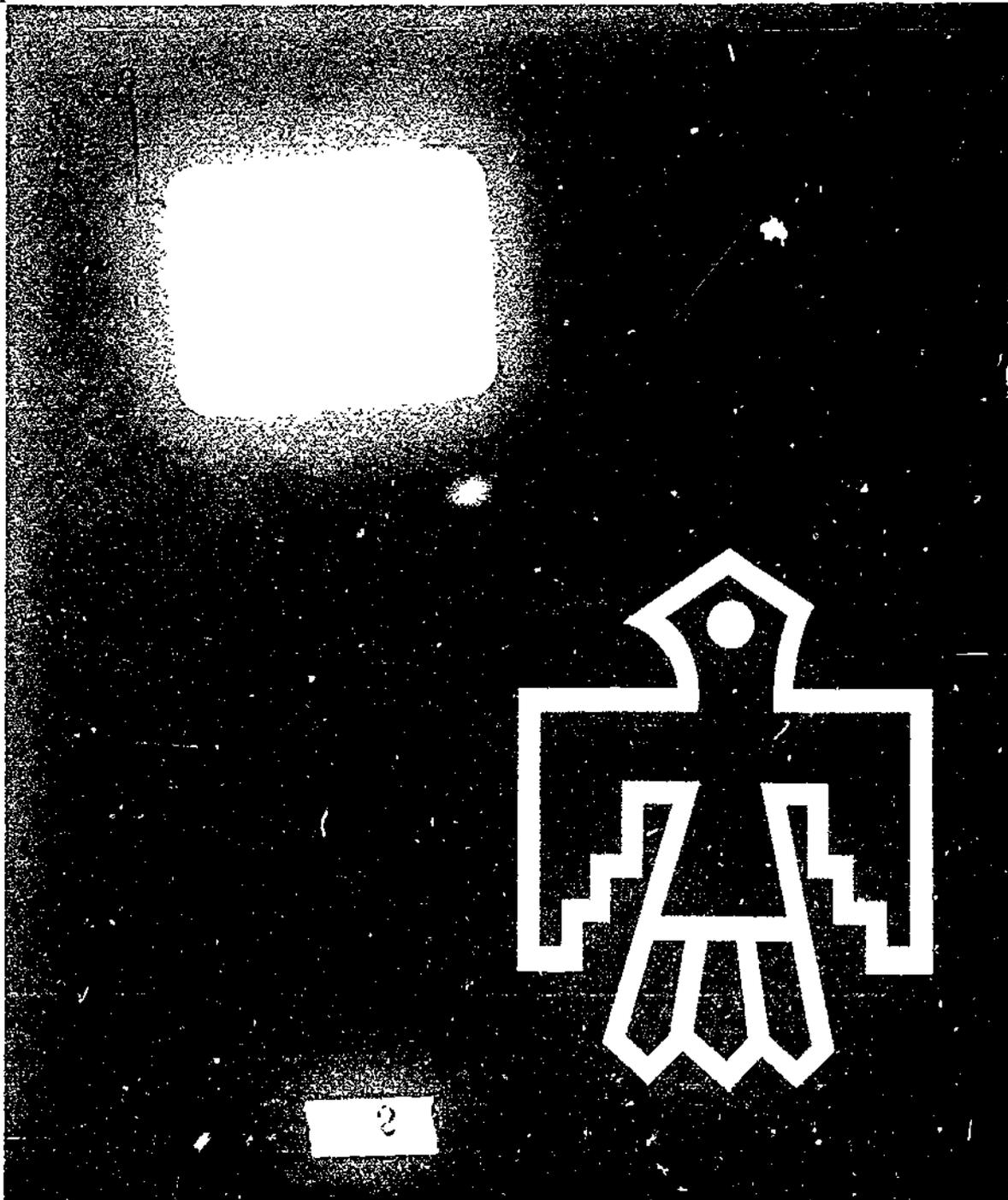
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PUBLICATION



# INDIAN ECONOMIC DEVELOPMENT

## An Evaluation of EDA's Selected Indian Reservation Program



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Development  
Administration

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# INDIAN ECONOMIC DEVELOPMENT

An Evaluation of EDA's Selected Indian Reservation Program

VOLUME I

Narrative

Prepared for

Economic Development Administration  
U.S. Department of Commerce  
Washington, D.C. 20230

by

Boise Cascade Center for Community Development

July 1972  
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This program analysis study was accomplished by professional consultants under contract (Number I-35438) with the Economic Development Administration. The statements, findings, conclusions, recommendations, and other data in this report are solely those of the Contractor and do not necessarily reflect the views of the Economic Development Administration.

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## FOREWORD

The original field work for this report began in January 1971 and was carried out over a 12-month period, the last reservation having been visited in January 1972. As is the case in many areas which are in the early stages of development, conditions may change rapidly in the course of a few months. Accordingly, the situation which existed on some of the reservations during the site visits may have changed substantially at the time this final report was prepared.

This report covers the 16 reservations which were originally selected for the so-called Action List under the Selected Indian Reservation Program in 1967. The data in tables 1 and 2 pertaining to the totality of EDA's projects on Indian reservations has been updated to reflect the situation as of April 30, 1972. However, information concerning the 16 reservations studied, reflects the situation as of the fieldwork.

## REPORT HIGHLIGHTS

### Background for the Study

The EDA Selected Indian Reservation Program was established by the Economic Development Administration in 1967 to carry out a comprehensive development strategy on a selected list of Indian reservations. These reservations were considered most likely to achieve self-sustaining economic development through the proper use of Federal assistance. Sixteen reservations were originally named to an Action List for this purpose. Five additional reservations were named subsequently.

As a part of EDA's continuing process for evaluation of its programs, EDA decided to undertake an evaluation of the Selected Indian Reservation Program. A team of experienced evaluators from Boise Cascade's Center for Community Development began visiting reservations in 1971. This report represents the findings, conclusions and recommendations of the evaluation team with respect to the 16 original reservations on the Action List.

The methodology involved a detailed examination of each EDA-approved project on all 16 reservations.\* In addition to examining program records, the evaluators interviewed EDA personnel, tribal leaders and planners, managers of EDA-funded projects, and others involved with economic development. The principal criteria used in the evaluation were actual job creation traceable to the projects and improved development potential resulting from the projects.

### Overall Impact

As of April 30, 1972, the total amount of EDA assistance to all Indian reservations was \$112,872,188, of which \$55,611,757 or 49 percent went to the 21 reservations on the Action List. In fiscal years 1968, 1969, 1970 and 1971, the percentage of EDA assistance to Action List reservations rose to 52 percent of the funds expended on all Indian reservations. The total population of the Action List comprises about half of all Indians residing on Federal reservations.

\*The 16 reservations included in the study were:

Annette Island, Alaska  
Blackfeet, Montana  
Crow, Montana  
Crow Creek, South Dakota  
Fort Berthold, North Dakota  
Gila River, Arizona

Lower Brule, South Dakota  
Mescalero, New Mexico  
Navajo, Arizona/New Mexico/  
Utah  
Pine Ridge, South Dakota  
Red Lake, Minnesota

Rosebud, South Dakota  
Salt River, Arizona  
San Carlos, Arizona  
Standing Rock, North/  
South Dakota  
Zuni, New Mexico

Overall, EDA approved 111 projects\* for the 16 original Action List reservations, obligating funds approximating \$44,000,000. These projects were credited with having created or saved the equivalent of 2,305 jobs of which 1,941 were newly-created, with an additional 1,800 jobs projected for undertakings which have not yet been completed.

The evaluation team judged that the program had significantly improved the potential for economic development on a majority of the reservations.

The bulk of EDA funds went for public works to support industrial development, including industrial parks, but projects for tourism complexes and community service represented large commitments of EDA funds. Neither the business loan program nor the technical assistance program has been significant. The planning assistance program has shown promise, but needs considerable improvement.

The EDA program is well-regarded by most of the Indian leaders on the 16 Action List reservations. The principal complaints appear to stem from the feeling that it takes too long to process projects and that confusing information is received from the various program sources.

The overall results of the program varied from reservation to reservation. The program helped substantially in providing jobs and/or improving development potential on at least four of the 16 reservations; and it provided considerable help on five additional reservations, although it is still too early to assess the results. Results have been marginal on the remaining seven.

Continuity of tribal government, ability of tribal development specialists, location near markets, and availability of resources were most closely associated with development progress. Conversely, lack of resources, isolation, frequent changes in tribal government, and inadequate personnel were most closely associated with lack of development progress.

Within EDA, the program is faced with the reluctance of many regional offices to acknowledge the existence of an Action List, or at least pay attention to it in their own priority systems. The importance of the Indian desk in overcoming indifference to the program within EDA and in coordinating projects cannot be overemphasized. The Indian desk should be strengthened and expanded and provided with funds to help Indian reservations with overall industrial development and tourism promotion.

Coordination of EDA program tools is very important for Indian reservations. The funding of industrial parks, tourism complexes and commercial centers should go hand-in-hand with the technical and management assistance, as well as business loans required

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\*Throughout this report, the word "projects" is used to reflect a single undertaking (such as an industrial park or tourism complex) which may consist of one or more specific approvals by FDA.

to make the projects effective. The fragmentation of the EDA program into separate program tools, each administered by a separate hierarchy of officials, has not served the Indian program well.

### Public Works

Public works grants and loans had the greatest impact on the reservations in terms of job development and impact on the potential of the reservations for future job development. However, they accounted for about 85 percent of all the funds expended.

Sixty-six approved public works projects, totaling \$37.5 million in grants and loans were examined by the evaluation team during their visits to the reservations. These projects included 15 industrial parks, 10 tourism complexes, 29 projects providing a specific piece of infrastructure (such as a road or a dock), and 12 projects of a community service nature (such as a community building). Of these 66 developments, only 44 were completed at the time of the field visits. Fifteen developments were nearing completion, and the remaining seven efforts had not yet begun construction.

Tourism facilities accounted for a large part of the public works expenditures (36 percent). Despite the appropriateness of providing tourism facilities for economic development on the reservations, the evaluation team thought that many of the tourism projects were over-planned and excessive in cost.

A total of approximately 1,941 jobs had been created thus far as a direct result of the public works projects. Of these, roughly 1,687 went to Indians. Projected jobs, with reasonable chances of realization, amounted to an additional 1,800 jobs.

Virtually all the tribal leaders reported that specific public works projects were among the most important Federal contributions to fostering development on the reservations. These projects had clearly demonstrated to the tribes that progress in economic development was now at least possible. Tribal leaders almost without exception pointed to these projects with pride and as testimony to the accomplishments of their administrations.

EDA has a considerable investment in industrial parks and tourism complexes on these reservations. Nevertheless there is a good chance that much of this investment will go to nought unless the tribes receive considerable help with industrial development and tourism promotion efforts.

The community development projects and community service buildings appeared to be worthwhile projects even though many did not result in immediate job generation or even apparent improvement of development potential. Commercial centers for retail services are needed on many of the reservations but if such projects are approved they should be accompanied by assurances of business loans and by considerable technical and management assistance.

## Business Development Loans

The use of the EDA business development loan program tool has, except in one or two instances, not been effective. Despite the great need for capital for Indian development, only 13 business development projects were approved for the 16 reservations, and three of these were subsequently cancelled or suspended. Two additional projects were finished but remain unoccupied. Only four of the remaining eight are not clouded by some additional factor, for example, accounting for only a few jobs. One of these four was completed in 1966 before the Selected Reservation Program was started, and one has not yet been completed.

The two principal reasons why more business loans are not used in Indian development are: (1) it is difficult to generate viable business projects, and (2) the lengthy processing time discourages potential applicants.

If funds are to be made available through EDA for business ventures, some consideration should be given to providing equity and/or venture capital. Lack of such capital appears to be a principal factor in disqualifying proposed ventures for EDA or other financing. It should be recognized that such capital should only be made available in connection with careful financial analysis of proposed projects and considerable technical assistance. The provision of venture capital funds to community development corporations by OEO may well be a useful model for EDA to study in this regard.

In any event, even if it is proved infeasible to make equity capital available, the reservations will need technical and planning assistance in much larger amounts if they are to be expected to make greater use of the business loan program.

## Technical Assistance

There was little evidence that the technical assistance program had made any impact on the original 16 Action List reservations. None of the 17 approved technical assistance projects were considered to have been responsible for any jobs, and only four seemed to have produced any positive results. It should be kept in mind, however, that the total cost of these projects was only \$269,050, which is considerably less than certain public works projects which were also ineffective.

Considerable rethinking is needed about the way in which technical assistance is made available to the reservations. Instead of relying on the traditional method under which an outside specialist studies a problem, prepares a report, submits the report, and is never heard from again, EDA should provide a program of training and technical assistance under which outside specialists work along with tribal development personnel on projects and, in effect, train them on the job. Sound and capable individuals should be

employed under technical assistance contracts to develop a continuing one-to-one relationship with tribal development personnel as they work together on viable projects, and the skills and experience of the expert are transferred to the tribe.

Technical assistance also needs to be made an integral part of the planning process on the reservation. Too often it is provided on a one-time basis without real thought being given to where the project fits into the development plan and who is going to carry out the recommendations.

In addition, more care needs to be given to monitoring technical assistance. Many of the projects were superficial and misleading, or unresponsive to tribal needs.

### Planning Assistance

Fifteen of the 16 reservations in the study receive some form of financial assistance in their planning efforts from EDA. Three reservations in Arizona received planning assistance under the statewide grant to the Indian Development District of Arizona (IDDA), three other reservations were assisted through district planning grants, and the nine remaining reservations received planning grants directly. Excluding the funds to IDDA, which are difficult to prorate on a reservation-specific basis, some \$900,960 in planning grants were distributed to the reservations in the study. As a whole, these grants were the most cost effective of all the program tools in improving the future development potential of the reservations.

Activities performed by reservation planners differed widely from tribe to tribe. There was no clear consensus of what reservation planning and development should encompass. Some planners were in fact administrative officers who took on a wide range of assignments related to tribal affairs. Other planners were primarily concerned with promotion of economic activities. Still other planners performed the more traditional functions of plan formulation and development.

The results of the planning grant program have varied from reservation to reservation. At best, planning grants have permitted the tribes to employ capable individuals who have made extraordinary contributions to reservation development. At worst, planning grants have only provided additional patronage for the tribal establishment.

The planning grant program needs to be expanded and improved. More training needs to be provided for planners. Planning grants should be based upon carefully planned work programs taking into consideration the need for technical assistance, the need for support of other projects such as public works or business loans, and the availability of resources from other planning support agencies.

The district and statewide planning programs did not serve as effective substitutes for individual reservation planning programs. Unless it is necessary from the standpoint of economy, individual planning grants are preferred on a priority basis. District grants might be considered as supplementary, particularly for the provision of added technical resources.

## Recommendations

### *Public Works Projects*

1. *More care should be given to the planning process on reservations so that public works projects result from planning activities and do not precede fully-developed planning strategies.* The full consequences of projects cannot be determined if they are analyzed separately. The decision to proceed with a project should be based upon well-conceived development plans which have considered everything which needs to be done to make the plans successful.
2. *If the industrial parks created on Indian reservations with EDA funds are to be successful, Indian developers should be assisted in their industrial development efforts more heavily than at present.* EDA should assume greater responsibility for helping with industrial promotion. Programs should be established to help Indians identify those industries which have the greatest potential for location on the reservations.
3. *EDA should provide assistance to the Indian reservations in seeing to it that their new tourist complexes are effectively managed and promoted.* The size and scope of many of the new tourism resorts being built on reservations with EDA grants makes it imperative that EDA commit sizeable resources in helping the Indians succeed with tourist ventures.
4. *Use of the EDA public works program tool for commercial centers on Indian reservations is needed. However, such use should be fully supported with business development loans, management and technical assistance.* Many Indian communities lack commercial services and others are being exploited by non-Indian entrepreneurs.
5. *While their economic development impact may be low, EDA should give priority to approving necessary service projects which cannot be funded by other agencies.* Such facilities are badly needed on most reservations and their long-run impact on Indian development is certainly favorable.

## *Business Development Loans*

1. *Greatly increased amounts of technical assistance and/or planning funds ought to be made available to help business enterprises which qualify for business development loan funds. Many of the businesses which locate on reservations need help in management and in the solution of business problems.*
2. *Consideration should be given to modification of the business development loan program, by regulation or legislation, so that funds could be made available on an equity basis for business development on Indian reservations. The expenditure of such funds should be preceded by thorough business analysis and followed by extensive technical assistance.*

## *Technical Assistance Projects*

1. *Emphasis should be placed upon the provision of qualified economic development specialists who can work along with tribal development personnel to develop specific projects or processes and who can pass their skills on while doing so. While such technical assistance need not necessarily be on a full-time basis, provision should be made for continuity of personnel, so that the same specialist works with the same reservation over a substantial period of time.*
2. *As a supplement to the current range of technical assistance projects, EDA should consider setting up a nationwide training and technical assistance effort to provide short-term, project-specific services to the reservations through the use of outside and agency specialists. Patterned after the model currently in use by HUD and OEO, this program would provide qualified specialists on a consultant basis to help analyze potential projects, to assist in project development, to provide assistance to on-going ventures, and to help the tribe to locate and secure other outside assistance as needed. Assignments could range from one day to several weeks in length. In those areas where several reservations have similar needs, as say in motel and tourist complex management, EDA might consider employing full-time specialists to provide needed assistance to these reservations. The availability of a nationwide pool of on-call specialists willing and able to assist the reservations with specific program needs would greatly strengthen the overall development efforts on the reservations.*
3. *Technical assistance should be used more intensively and extensively to help the Indian reservations to promote their industrial parks and their tourism complexes. Consideration should also be given to a technical assistance effort*

which would not only promote specific industrial park and tourism projects, but which would also promote industrial location and tourism on all the reservations. Technical assistance should be used to make sure that commercial developments are fully tenanted.

4. *More stress should be placed on involving tribal members in the design and conduct of technical assistance projects* To encourage this participation, EDA might in fact require that a plan for tribal involvement be developed as an integral part of every application for assistance. This might simply take the form of the designation of one or more individuals who would represent the tribe during the contract period and who could devote a specific block of time to the study. The details of the relationship would be worked out with the outside expert after his designation and would require the approval of both the tribe and EDA.
5. *Steps should be taken to insure that the technical assistance projects are integrated within the overall economic development strategy for the reservations.* While it is certainly no problem to justify virtually any project as being consistent with economic development, it is important that the projects approved be timely and responsive to other reservation development activities. It might be reasonable to request the tribes to list other related activities in process as a necessary condition for approval of a project. This will help insure that the results of the technical assistance effort are promptly channeled into the general stream of ongoing development activities.
6. *All action alternatives recommended as a result of technical assistance project should include implementation strategies to guide the reservations in their subsequent action.* It is not sufficient, for instance, to indicate that a venture is feasible at a certain size of operation. Included must also be a plan for bringing the feasible venture to realization. Alternative sources of capital, reputable suppliers, marketing strategies, technological alternatives, and other critical business information need to be provided to the tribe. Otherwise, many feasible ventures will fail because the tribes lack the necessary know-how.
7. *To insure that quality is maintained at a high level. EDA should consider installing a simple evaluation and monitoring system on a project-by-project basis.* Standardized and straightforward evaluation forms could be developed for use by the outside consultants, the tribe, and designated EDA staff at both the regional and national levels for recording their reactions to the technical assistance effort in question. Items on these forms might include a statement of the problem area, the type of assistance provided, the extent of tribal participation, the quality of the assistance and its usefulness to the tribe. To

help insure that this system is not viewed as yet another bureaucratic requirement. EDA will have to stress the importance of the effort and demonstrate this by providing responsive follow-up where appropriate. Thus, for example, if a tribe reports back that it is unsatisfied with the information being generated by a consultant, EDA should promptly investigate and take remedial action.

#### *Planning Assistance*

1. *More planning grant funds should be made available.* There is considerable need for more planning work to be done on many of the reservations and more capable full-time personnel are needed.
2. *More pre-planning should be accomplished before planning grants are approved.* A clear understanding needs to be reached between EDA and the tribes on what the planning grants are to be used for. A specific work program should be established each year in advance of the approval of each planning grant. Consideration should be given to other related program funds from OEO, HUD and BIA.
3. *There should be much closer coordination between technical assistance and planning. Technical assistance should be used to help train and assist planners.* In general, planning funds should be used to hire full-time personnel on the reservations. Technical assistance funds should be used to hire outside specialists. The two should be planned for and utilized together to get the maximum effect.
4. *Much more agency and outside help should be enlisted in changing the planning approach to a more structured, sectoral approach to planning and development.* The advantages and obstacles to sectoral planning should be discussed at length at all operating levels of EDA. Procedures for explaining the approach to reservation leaders should be developed and operationalized. Ongoing assistance should be made available to the reservations in applying the approach to their specific planning needs.
5. *Emphasis should be placed on the recruitment and training of local tribal members for EDA-funded planning staffs.* The use of non-tribal members as planners in the early stages of the planning cycle should not be discouraged, so long as they are clearly qualified and have the support of tribal leaders. However, every effort should be made to encourage these planners to train their replacements from among the tribe. Additional training materials and work shops should be arranged by EDA to supplement the on-the-job experience of the tribal planners and planning trainees.

6. *A pool of technical experts should be assembled by EDA to assist the reservations in their planning efforts on an on-call basis.* These experts would range from resource-specific experts (such as forest and water resource specialists) to qualified generalists (such as experienced development planners). This pool of specialists could either be assembled and managed directly by EDA – at the national or regional level – or by an outside consultant firm on a contractual basis (as is done by HUD and OEO).
7. *The use of district and statewide planning grants as a substitute for individual reservation grants should be discontinued.* There may be a useful role for such grants, but not as a substitute for reservation-specific planning grants. Where budgetary constraints limit the size and number of reservation planning grants, the district grants may in fact be the most effective way of assisting the neglected reservations. However, the best function for such grants should be to provide technical support for reservation-funded planners rather than to attempt district-wide coordination and cooperation.

#### *Overall Program*

1. *The concept of an Indian Desk should be continued and strengthened.* It is absolutely necessary for Indian reservations to have someone at headquarters and at the regions to help them communicate with program officials, to help coordinate program applications, and to plead on their behalf for program funds.
2. *Consideration should be given to providing the Indian Desk with funds for nationwide promotion of Indian industrial development and tourism.* EDA has a substantial investment in industrial parks and tourism complexes on Indian reservations. In order to realize on that investment, additional funds are needed for promotion on both a national and individual reservation basis.
3. *EDA should continue its efforts to simplify and speed up project processing.* Prompt project approvals will do much to speed up development efforts on the reservations. However, speedy processing should never be accomplished at the expense of careful project assessment and full coordination of projects among the various program tools.
4. *More attention should be paid to using the program tools on a coordinated basis.* When appropriate, technical assistance and business loans should be planned for at the same time as public works projects are approved. Management assistance should be provided for marginal business ventures.

## CHAPTER ONE

### RESERVATION DEVELOPMENT AND THE ROLE OF EDA

#### Introduction

Indian economic development is a national problem of growing concern. The rising mood of Indian assertiveness has combined with a heightening of the national awareness to elevate the first American in our collective consciousness. The observer is ever more aware of the legacy of injustice imposed on the American Indian by the white man and by the inability of compensatory programs to provide effective redress. The individual Indian is often torn between a desire to remain with his diminishing land in an effort to recover the essence of his culture and a temptation to adapt to the non-reservation world in an effort to increase his material well-being. In either case, the Indian is deprived through educational curricula, personal experience, and public discrimination of a genuine opportunity to be successful.

The Indian has until recently been denied a relevant role in formulating the important decisions affecting the livelihood and well-being of his tribe. In the last decade, however, there has been a slow, but growing awareness of the need to permit Indian tribes to assume greater control over their own destinies. The various Federal agencies which provide services to the Indian people are beginning to be more responsive to the Indian voice.

Increased well-being for both current and future generations of the Indian people requires more than a renewed pride in their values and a stronger voice in their internal affairs. Major improvement in the living conditions on the reservation homelands is required to make them compatible with the values and standards inculcated on the Indians by the dominant white culture. Continual development of Indian reservations along the lines desired by the Indian people, moreover, will require a measure of economic as well as legal autonomy from the surrounding society. Emerging Indian leaders are likely in any case to become increasingly restive with a dependence on governmental support which shapes their policies and controls their future.

Economic development under the overall control of the tribal government is one way in which Indians can both affect their current situation and build for a more self-sufficient future. A cooperative process of choosing priorities and planning for their implementation, which is led by indigenous Indian leadership, can provide the necessary element of community involvement in the development process. And genuine economic development, consisting of thoughtful identification of exploitable reservation resources, capable development of enterprises based on these assets, and the use of initial revenues and profits to fuel subsequent development, can provide strong support for the evolution of a more prosperous and self-reliant Indian people.

## The Scope of the Problem

For over a century, the Federal Government has assumed an explicit position of providing assistance to the American Indian to enable him to attain economic self-sufficiency. Yet, all available statistics vividly reflect the lack of any, but token, success to date. While data vary from source to source, it is clear that the economic plight of the American Indian is unparalleled among the subpopulations of the United States.

There are close to 700,000 Indians living in the United States, of which approximately two-thirds (478,000) reside on reservations or other areas designated as Indian areas by EDA. The potential reservation labor force can thus be estimated at around 125,000. The average rate of unemployment hovers at 50 percent, with some reservations experiencing rates of unemployment exceeding 80 percent. Of those who find work, most are underemployed and earn meager wages. The average Indian income is under \$2,000 annually, and only about 10 percent of Indian families have annual incomes exceeding \$5,000. Community facilities, housing stock, and related educational and social conditions reflect this poverty.

The decade of the 1960's was without question a period of remarkable economic progress on the reservations, when compared against previous times. Of the more than 150 industrial enterprises operating on reservations at present, less than 20 predate 1960. The number of industrial jobs on or near reservations increased fivefold, from 1,000 to 5,000, during this period. Yet, even if the absolute growth of the 1960's is again realized in the 1970's, only a small contribution will have been made in countering the staggering rates of unemployment and underemployment.

## Goals for Reservation Development\*

There is a common tendency to draw analogies between the economic problems of reservation Indians and those of other minority groups or of the rural poor in general. It is certainly true that much of the pathology associated with severe poverty is common to Indian and non-Indian poor alike. Yet the issues and underlying factors which have produced and which sustain reservation poverty are sufficiently unique to warrant separate analysis. The following are perhaps the most salient of these:

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\*It is important to remain cognizant of the many differences—both culturally and topographically—among Indian Reservations. Marked variations exist in such factors as proximity to major economic centers, general accessibility, climate, availability of exploitable natural resources, size and composition of labor force, manual skills of the labor force, entrepreneurial skills, attitudes toward economic development, availability of capital and financial assistance, stability and commitment of tribal leadership. All these factors affect reservation development. Consequently no single strategy will have universal applicability. However, there are certain issues common to most, if not all reservations, which can serve as a base on which to build reservation-specific strategies.

1. *Cultural Values.* The traditional entrepreneurial or managerial values which are associated with many other cultures are largely lacking in Indian traditions, and consequently there has never been developed an entrepreneurial or managerial class. Indian habits of thought, by and large, do not naturally fall into contemporary money-making patterns. Consequently, the creation of economic values and self-sustaining economic entities does not come easily to Indians. Thinking in monetary terms, comparing costs and benefits, and engaging in producing and selling are activities which must be transplanted to the reservation for economic development projects to be viable.

Furthermore, the distinction in job categories between those who give orders and those who follow these orders is alien to some Indian cultures. For example, among Apaches one tribal member never tells a fellow tribesman what to do, even with regard to the most simple of tasks with clear resultant material ends. Relationships are considered more important than end products. Thus, the degree of specialization and managerial hierarchy common to many industrial and commercial enterprises is partly incompatible with Indian values.

2. *A Sense of Community.* Indian tribes, by and large, tend to have a greater sense of community than do most Americans. Whether this sense of belonging to a community or tribe is inherent in Indian culture, a product of isolation, or a product of repression is relatively unimportant to economic development. What is important is that because there is this sense of community, economic activities which are tribal in nature tend to be more relevant in Indian situations than they are in non-Indian situations. Thus, projects which involve communal ownership tend to be more appropriate in the Indian setting than in other economic development situations.

However, working as a counteractive force is the strong influence of the dominant outside white culture which stresses individual achievement and pays tribute to individual success models. Young Indians are subjected to this force in school and through television, cinema, and books. Consequently, many Indians find themselves torn between their communal heritage and their desire for personal success. As a result, many of the more gifted Indians have left the reservation. In other cases, such as Annette Island, there is growing internal conflict between those supporting a communal economy and those wanting greater entrepreneurial opportunities.

3. *Isolation.* Most Indian tribes are isolated not only culturally, but also geographically from the mainstreams of American society. Such isolation is responsible for major obstacles to economic development. It is generally more difficult for economic development activities on Indian reservations to compete effectively in large markets. Isolation not only deprives Indians of access to markets, but it is also responsible for difficulties of access to venture capital, to entrepreneurial ideas, and to management resources. Moreover, even when economic considerations are still favorable, many firms will not locate on a reservation because they cannot – or think they cannot – induce their key managers to relocate on isolated reservations.

On the other hand, there are forces at work which may in fact convert this isolation into a major economic asset. Foremost among these are counter-urbanization trends, greater leisure and a growing recreation/camping/tourist population, and greater natural attention to ecological problems and man/nature imbalances. While none of these forces alone will be adequate to place sudden premiums on reservation development, collectively these factors may in fact lead to the restructuring and reshaping of the Nation's economy and its related locational characteristics. As a result, the abundant and isolated reservation lands may gradually become more attractive to industry and tourist activities.

4. *A Special Relationship with the Land.* Indian culture, religion and tradition, and economic pursuits have largely been land-based. The American Indian is accordingly more sensitive to his natural environment and its preservation than are most other groups within the Nation. Moreover, as a consequence of his treatment and domination at the hands of the white man, the land currently allotted to him through a series of treaties and legislation represents his main remaining link with his cultural heritage. Accordingly, the Indian views any activities affecting the use of his land with considerable caution and suspicion.

While the Indians as a group are not land poor (the average reservation population density is only one person per four square miles), the land is largely of poor quality. It is difficult to assemble areas suitable for farming and ranching. The oil and mineral resources on most of this land are minimal. Furthermore, reservation lands cannot be mortgaged nor made subject to foreclosure. This greatly limits the availability of credit to Indians for economic undertakings.

5. *Political History.* The political history of Indian-white relationships is such as to make it difficult for Indians and whites to forge meaningful economic partnerships. The political history of Indian-white relationships is replete with examples where the white man, eager for personal gain, took advantage of the Indian. The economic plight of many Indian tribes today stems directly from this past exploitation. Nevertheless, white society has most of the entrepreneurial and managerial knowledge about economic development and most of the capital investment funds which are required for economic development, and the Indians must develop productive and mutually trusting relationships with white persons. To the extent that Indian history adversely affects their ability to do so, economic development on Indian reservations becomes more difficult.

Given these factors, it is clear that reservation development is both unique and difficult. The solutions which have been tested and found successful in other rural areas may be clearly inappropriate for the reservations. Nevertheless, the Indians living on reservations have certain basic requirements which can best be met by reservation development programs. These may be summarized as follows:

1. *The Need for Self-Sustaining Activities.* The need for self-sustaining activities is inherent in the economic development process. It is based on the assumption that economic development for any entity cannot be based on continuing support from outside sources. If economic development is to be effective, it must move in the direction of activities that are inherently able to continue to stay in production without outside subsidy. In other words, economic activities must be profitable. Economic activities must be planned so that eventually they will take in more money than they pay out. This does not preclude initial subsidies of varying magnitude, but such subsidies must be justified on the basis that they will eventually become unnecessary and the activity will be capable of sustaining itself. To operate from any other assumption would be to accept the necessity of continuing subsidy, and such subsidy, no matter how valid and justifiable, would have to be assessed under a discipline other than economic development.

2. *An Adequate Standard of Living.* It must also be apparent that the economic development system sought for a reservation should eventually provide the members of the tribe with an adequate standard of living. There is no other sector of American society which has a greater claim on our economy and our government for assistance in attaining an adequate standard of living. It may be that something else in addition to economic development assistance is required to achieve such a goal for some tribes, but at least the objective of economic development should aspire to the production of sufficient goods and services so as to provide an adequate standard of living.

3. *Opportunities for Self-Development.* An adequate standard of living is not, by itself, enough. Individuals must have opportunities within the economic system on the reservation to challenge their talents and achieve individual and communal goals. Individuals should have additional opportunities, within the framework of the society and economy, to exercise maximum feasible freedom of choice in the pursuit of useful and rewarding occupations. Obviously, the isolation of most reservations and the scale of their economies will severely limit such freedom for those who choose to remain on the reservations. However, those who prefer to give up opportunities which exist only off the reservation in order to enjoy the other advantages of the reservation culture should not, by virtue of that choice, be restricted to menial and unrewarding occupations.

4. *Indian Self-Determination.* We must accept the values of Indian traditions and culture and construct the economic development system so as to preserve and strengthen those values. Outsiders cannot define the values for the tribes, nor can they determine when any particular activity is destructive, supportive or neutral. There will undoubtedly be many difficult decisions, involving trade-offs between traditional values and opportunities for economic growth, and men will disagree on what decisions ought to be made. Any system for providing economic development assistance to Indian reservations ought therefore to provide for considerable input from a democratic decision-making process at the reservation level.

## The Role of EDA

Economic development of Indian communities has been supported by the Economic Development Administration and by its predecessor, the Area Redevelopment Administration (ARA), since 1962. In fact, ARA was the first non-Indian program to make assistance available to Indian communities. Both ARA and EDA experience showed that the Indian reservations could not come up with enough feasible project applications to which the agency could react. This resulted in relatively few project approvals and a fairly low level of government expenditure on the reservations. Accordingly, in 1967, EDA realized that it would have to develop a more responsive strategy for assisting the reservations.

EDA's reformulated strategy was based on two fundamental premises. First, it was argued that no project or set of projects would likely achieve a desirable level of success if tribal support and commitment were lacking. The Indians themselves would have to assume the leadership in developing and implementing their own reservation development program. Second, the agency felt that its efforts would be largely in vain unless coupled and integrated with other Federal efforts addressing the various needs of the reservation. The Indians would be encouraged to develop a single, comprehensive community and economic development program which encompassed all relevant funding sources, including EDA. This would help to avoid duplication of Federal efforts and to insure a more effective distribution of the funds which were available.

To demonstrate its commitment, EDA set aside specific funds to be used only in conjunction with reservation projects. The agency as a whole was informed that a priority had been set for reservation projects. In October 1967, an Indian Desk was established at EDA headquarters and charged with the responsibility for coordinating the agency's Indian efforts. The Indian Desk was to work with other Federal agencies, State Indian commissions, private industry and other outside interests groups, and with all EDA regional offices. An Indian working committee was established at the national level consisting of representatives from the various program tools (public works, planning, business development loans, and technical assistance) and the legal department of EDA, as well as from the Indian Desk. This committee was to provide the vehicle for internal coordination of EDA Indian activities.

Because of the large number of Indian reservations and the limited funds available, it was clear to EDA that its impact on any reservation would be marginal at best if it had to serve them all. A decision was reached to concentrate its major thrust on a selected group of reservations with the greatest perceived potential for sustained economic growth and viability. In the late spring of 1967, an agreement was reached with the Office of Economic Opportunity (OEO) to combine their resources in helping the selected group, which were referred to as the "Action List." The Selected Indian Reservation Program was thus initiated.

## CHAPTER TWO

### THE SELECTED INDIAN RESERVATION PROGRAM

The Selected Indian Reservation Program, which was started jointly by EDA and OEO in 1967, was designed to help certain reservations achieve self-sustaining economic growth. The program was to be based on four principles:

1. Selection of reservations with the greatest potential for growth;
2. Cooperation among the various Federal agencies providing support to these reservations;
3. Concentration of the financial and technical resources of the cooperating agencies; and
4. Acceleration of resource delivery to the selected reservations.

Sixteen reservations were originally selected for the Action List in 1967. The following year, a number of other reservations were named to a Planning List on the premise that although these latter reservations were not yet ready for accelerated and concentrated development assistance, they could be made ready through intensive planning assistance. In July 1970, five additional reservations were added to the Action List, some of them having previously been on the Planning List.

The rationale for naming only a limited number of reservations to the original Action List was based on the fact that an equal distribution of available Federal resources to assist in reservation development would undoubtedly be insufficient to allow any one reservation to overcome the conditions preventing growth. By concentrating assistance on a relatively few reservations exhibiting the greatest potential for growth, it was hoped that at least some reservations might be able to achieve success, while all reservations could learn more about how to overcome their economic problems.

The criteria by which reservations were selected for the Action List included the ability of the community to plan and carry out development programs, the availability of material resources with which to implement programs, and geographical locations which did not unduly penalize reservation development programs. The specific criteria were:

1. Community Factors
  - a. Tribal leadership interest in economic development
  - b. Manpower pool
  - c. Educational facilities

- d. Training programs
  - e. Availability of management skills, within and adjacent to the community
2. Material Resource Factors
- a. Status of reservation facilities
  - b. Availability of significant qualitative amounts of appropriate raw materials
  - c. Current industrial activities
  - d. Probability of adequate financing – availability of tribal, other agency, and private funds
3. Physical Location Factors
- a. Proximity to regional growth center (market factors)
  - b. Transportation

The major objective of the Selected Indian Reservation Program was to develop and carry out a comprehensive development strategy for each reservation. This strategy was to contain specific action programs and a timetable for their implementation. The development plan and strategy were to provide for the coordination of all Federal investments and were to be responsive to the needs and desires of the Indians as expressed through their tribal councils.

The following reservations have been selected for the Action List:

Annette Island	Alaska
*Colorado River	Arizona
*Fort Apache	Arizona
*Fort Yuma	Arizona/California
Gila River	Arizona
Navajo	Arizona/New Mexico/Utah
Salt River	Arizona
San Carlos	Arizona
Red Lake	Minnesota
Blackfeet	Montana
Crow	Montana
*Fort Peck	Montana
Mescalero	New Mexico
Zuni Pueblo	New Mexico
Fort Berthold	North Dakota
Standing Rock	North Dakota/South Dakota
Crow Creek	South Dakota

\*Indicates the five reservations not selected until 1970 and not included in this study.

Lower Brule	South Dakota
Pine Ridge	South Dakota
Rosebud	South Dakota
*Uintah and Ouray	Utah

The total population of this group is over 200,000, and it constitutes about half of all Indians residing on Federal reservations.

Some of the inter-agency cooperation sought by EDA for the Selected Indian Reservation Program was attained through the involvement of the Office of Economic Opportunity shortly after that program's inception. The newly appointed Indian program manager in EDA reached an agreement with OEO in 1967 to combine agency resources and channel them more effectively to the selected Indian reservations, since both agencies have a legislative mandate to assist in the total development of low income and high unemployment areas. The Bureau of Indian Affairs; the Small Business Administration; the Department of Health, Education, and Welfare; the Department of Labor; and the Department of Housing and Urban Development also work with EDA and OEO in creating economic and community development impact on Indian reservations.

The Selected Indian Reservation Program also was meant to act as a focus for the concentration of Federal resources and as a catalyst for the acceleration of their delivery to the selected reservations. Federal funding of all reservation programs has in fact increased markedly during the life of the program and is projected by Office of Management and Budget officials to amount to almost one billion dollars during fiscal year 1972. This increase in total government support for Indian reservations is probably due mostly to other factors, but the stimulus to comprehensive planning and development efforts which the EDA program has provided has certainly contributed to the additional development resources made available to the Indian tribes. The need for effective coordination of resources from the various agencies in order to achieve maximum effect is only beginning to be appreciated, but progress is beginning to be seen here as well.

#### Forms of EDA Assistance to Indian Reservations

While all of the agency's assistance has been made available on behalf of the Indian reservations, there are four major specific types of EDA programs which comprise the bulk of the assistance tools. These are:

1. *Public Works Grants and Loans.* Public works grants and loans are used to help reservations build public facilities required for the infrastructure on which development is to be based. Public facilities usually include industrial sites or parks, tourism complexes,

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\*Indicates the five reservations not selected until 1970 and not included in this study.

community buildings, transportation facilities, water and sewage systems, and the like. While projects are most often developed to stimulate economic activity, some public works projects have been funded on the basis of their "service impact" on the community (for example, a summer work/study camp for local youth).

2. *Business Development Loans.* Business development loans are used to provide a source of long-term, relatively low-interest capital to finance facilities and working capital for businesses on or near reservations. These businesses can be manufacturing plants, tourism complexes, or commercial facilities.

3. *Technical Assistance Grants.* The technical assistance program provides assistance to EDA-funded areas in solving problems and removing barriers to economic development. The assistance has usually taken the following forms on reservations: (a) funding of feasibility studies which analyze prospective business ventures and recommend ways to begin attractive ones; (b) conducting inventories of existing resources (e.g., timber); and (c) funding support for projects which have high demonstration potential throughout Indian tribes and reservations (e.g., continual TA to selected tribes in developing fish farming technology).

4. *Planning Assistance Grants.* Grants are provided to the Reservation to employ a professional staff to assist the tribe in preparing its plan and to administer the plan by providing services to prepare applications for other projects. The staff is also expected to coordinate actions with respect to the plan and to inform the tribe and others on the content of the plan, as well as on progress in its implementation. While grants are usually designated for a one year period, continuations of the grant on an annual basis are common. Planning grants may be awarded to individual reservations (area planning grants), to groups of reservations and surrounding non-Indian counties (district planning grants), or to statewide programs (Arizona and North Dakota) which attempt to coordinate planning for all the reservations within that State.

In addition to these specific forms of assistance provided under the EDA Selected Indian Reservation Program, there are a wide variety of other general forms of assistance provided by EDA to the reservations. For instance, EDA works with many of the reservations in the preparation of action plans to be used in guiding the agency's allocation of resources. Basic and advanced industrial development courses were sponsored jointly by EDA and OEO and conducted for tribal leaders and development professionals by the American Industrial Development Council. Industrial development conferences are initiated by EDA and OEO to enable tribal leaders to display their advantages to selected industrialists. Special training programs have been conducted for tribal planners. All of these activities are designed to have an impact on the economic development capacity of the various reservations.

## Amounts of EDA Financial Aid to Indian Reservations

EDA has authorized the expenditure of over \$112 million through its four program tools on Indian reservations since its inception in 1965. This aid has gone to the 125 Indian reservations designated as qualified for EDA assistance as of May 1972. These designated reservations contain about 80 percent of the 478,000 reservation Indians in the United States today. Table 1 on page 22 shows the breakdown of these approved projects by fiscal year and by program tool. Of the total \$112,872,188 approved for Indian reservations, almost half (\$55,611,757 ) was approved for projects for reservations designated on the Action List. Year-by-year allocations to the Action List reservations are presented in Table 2 on page 23.

A review of EDA allocations indicates a large concentration of funds in the area of public works facility development. This concentration of roughly 81 percent of the \$112 million approved for Indian development into public works projects is an indication of the attention focused by EDA and by the reservations on the reservation infrastructure necessary to support economic enterprises.\* Public works projects, with their relative freedom from private funding sources, have also proven to be easier to put together than projects based on business development loans, the other major funding program tool. Of particular importance from the standpoint of total EDA funds spent on Indian reservations are the 26 industrial parks, on which \$7.4 million has been spent, and the 26 tourist/recreation complexes, on which \$25.5 million has been spent. Many of these tourist and industrial park projects have been developed in nonselected reservations as well as within the Selected Indian Reservation Program.

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\*Eighty-eight percent of the funds approved for the original Action List reservations went for public works.

Table EDA Approved Projects on Indian Reservations, Fiscal Years 1966-1972

	<u>Public Works</u>	<u>Business Loans</u>	<u>Technical Assistance</u>	<u>Planning Grants</u>	<u>District Grants</u>	<u>Total</u>
Fiscal Year 1966	\$ 1,353,000	\$ 2,208,000	\$ 131,000			\$ 3,692,000
Fiscal Year 1967	12,998,000	4,742,000	378,000	\$ 98,000		18,216,000
Fiscal Year 1968	14,404,200	2,099,067	230,000	462,900	\$ 91,630	17,287,800
Fiscal Year 1969	15,238,235	583,885	724,952	753,526	95,560	17,396,158
Fiscal Year 1970	14,899,771	3,036,500	754,110	516,102	68,081	19,274,564
Fiscal Year 1971	19,259,027	871,850	785,253	811,390	88,163	21,815,683
Fiscal Year 1972	14,006,497	24,117	544,966	569,238	45,168	15,189,966
(As of April 30, 1972)	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Totals	\$92,158,730	\$13,565,419	\$3,548,281	\$3,211,156	\$388,602	\$112,872,188

Source: EDA Indian Desk Statistical Tabulations

Table 1. EDA Approved Projects on Indian Reservations, Fiscal Years 1966-1972

<u>Public Works</u>	<u>Business Loans</u>	<u>Technical Assistance</u>	<u>Planning Grants</u>	<u>District Grants</u>	<u>Total</u>
\$ 1,353,000	\$ 2,208,000	\$ 131,000			\$ 3,692,000
12,998,000	4,742,000	378,000	\$ 98,000		18,216,000
14,404,200	2,099,067	230,000	462,900	\$ 91,630	17,287,797
15,238,235	583,885	724,952	753,526	95,560	17,396,158
14,899,771	3,036,500	754,110	516,102	68,081	19,274,564
19,259,027	871,850	785,253	811,390	88,163	21,815,683
14,006,497	24,117	544,966	569,238	45,168	15,189,986
(2) _____	_____	_____	_____	_____	_____
\$92,158,730	\$13,565,419	\$3,548,281	\$3,211,156	\$388,602	\$112,872,188

Statistical Tabulations

Table 2. EDA Approved Projects to Action List Reservations

Fiscal Years 1966-1972

	<u>Total Funds to All Indian Reservations</u>	<u>Funds to Action List Reservations</u>	<u>Percent of Total Received by Action List Reservations</u>
1966	\$ 3,692,000	\$ 833,000	23
1967	18,216,000	10,322,000	57
1968	17,287,797	6,330,367	37
1969	17,396,158	10,316,005	59
1970	19,274,564	11,110,062	58
1971	21,815,683	11,449,536	52
1972 ( as of 4-30-72)	<u>15,189,986</u>	<u>5,250,787</u>	<u>35</u>
<b>TOTAL</b>	<b>\$112,872,188</b>	<b>\$55,611,757</b>	<b>49</b>

Source: EDA Directory of Approved Projects, U.S. Department of Commerce Publication, 1970; and EDA Indian Desk.

### Organizational Relationships

As indicated above, an Indian Desk was established in the Washington office of EDA in October 1967 to coordinate the agency's Indian efforts both internally and with outside agencies and groups. Organizationally, the Indian Desk falls within the administrative domain of the Deputy Assistant Secretary for Economic Development. The Indian Desk is headed by the Special Assistant for Indian Affairs, who reports directly to the Deputy Assistant Secretary.

The Indian Desk is comprised of a small group of professionals, most of whom have responsibilities for monitoring Indian applications and projects in specific regions. In addition to the staff of program officers in the Washington office, individuals located in the three regions with the bulk of the Indian projects (Southwest, West, and North

Central) are designated as Indian officers. The latter monitor Indian projects at the regional level and work closely with their counterparts in the national office.

While there are variations to the rule, the general project development and approval process proceeds as follows:

1. A project is formulated at the local (reservation) level. An EDA State economic development representative (EDR) may work with the tribe in discussing the project, its feasibility, and the steps to take to gain EDA approval, if appropriate.
2. A project application package is then prepared by the tribe and submitted to the appropriate EDA regional office.
3. It is reviewed by the Indian officer, and, if complete, forwarded to the appropriate program tool officer. If acceptable, it is then passed on to the regional director for his approval.
4. The package is then sent to Washington for national review and final approval. It is reviewed by both the appropriate program tool officers and by the top level administration. It is finally considered and approved by the Assistant Secretary.

The Indian Desk monitors the entire review process, and may step in to clarify issues and/or to reduce unforeseen bottlenecks. The staff makes periodic visits to the Reservations, and may stimulate new projects during these visits.

#### Evaluation of EDA Indian Program Effectiveness

The Selected Indian Reservation Program has been in operation since 1967 and has received almost half of the \$112 million which EDA has expended on Indian reservations. Yet little is known about its effectiveness. A preliminary indication was gained as a result of the agency-wide program evaluation effort begun in January 1970. The evaluation concentrated primarily on the impact of each of the agency's four major program tools and the overall effects of its development activities in selected urban and rural areas. Projects associated with Indian reservations were included in every area of concentration except the analysis of urban development activities, which dealt only with projects located in large cities. The project evaluations pertinent to EDA's Indian program were performed by management consulting firms and two task forces of agency personnel.

While Indian reservations were not evaluated as a group, and while different methodologies were employed in the evaluation effort, EDA obtained useful glimpses of

Indian program results from the several studies. But the absence of a common evaluation methodology prevented rigorous analysis of and comparison among the different program tools and reservations, and the relatively limited number of evaluated Indian projects prevented statistically valid conclusions from being drawn from the collected data.

In order to obtain a clear picture of what the Selected Indian Reservation Program has accomplished and to develop documented recommendations for its improvement, a separate evaluation of the program was undertaken. Accordingly, EDA contracted with the Boise Cascade Center for Community Development in the early part of 1971 to perform an in-depth evaluation of 12 reservations selected from the Action List and to offer general insights into the effectiveness of EDA-funded activities on Indian reservations. Subsequently, it was decided to evaluate six additional reservations which had been on the original Action List and to drop two of the original 12 which had been visited, so that the final report would reflect the status of the program on the 16 reservations which had been originally selected for the Action List in 1967. The two reservations which were visited, but whose evaluations are not included in this report, are Fort Apache and Uintah and Ouray Reservations. Separate reports have been furnished to EDA regarding these areas.

## CHAPTER THREE

### EVALUATION STRATEGY

#### Evaluation Objectives

The general objective of this evaluation was to gauge the overall effectiveness of the EDA Selected Indian Reservation Program. Operationally, this was accomplished through detailed assessment of EDA's activities on the 16 Indian reservations originally named to the Action List in 1967, coupled with discussions at the regional and national levels with EDA program tool and Indian program staff. While each of the reservations visited was somewhat unique in terms of its economic development strategy and related problem areas, there were a number of common experiences and concerns which warranted drawing some general conclusions about the program as a whole.

Associated with each of the four program tools were a series of specific issues which needed to be addressed during the evaluation. These issues emerged from preliminary discussions with the respective program tool representatives responsible for Indian projects at the national level and from talks with Indian Desk personnel. Among these were the following:

- Public Works Grants and Loans
  - What type of infrastructure is required on Indian reservations to make them attractive to prospective firms?
  - Why have industrial park projects attracted so few new firms to date?
  - Are the tourist projects on the reservations well-conceived and likely to be profitable?
  - What types of related assistance (financial, technical, managerial, etc.) are needed to enhance public works projects?
  - Do community centers and other service-related projects fulfill a legitimate need?
- Business Development Loans
  - Why are relatively few business loans made to reservations?
  - Is the business loan a decisive incentive in attracting firms to reservations? What additional incentives are needed?

- How can more business loan projects on reservations be conceived?
- Are business loans coordinated with other EDA program tool efforts?
- Technical Assistance Grants
  - Have technical assistance projects been responsive to the needs of the reservations?
  - How well are technical assistance efforts linked to other EDA program tools?
  - Are additional types of technical assistance needed by the reservations?
  - Is some form of continuous technical assistance required on the reservations?
- Planning Grants
  - Are adequate planning guidelines established by EDA?
  - Is sufficient funding available to meet planning needs of the reservations?
  - What are the characteristics and/or attitudes of a "successful" reservation planner?
  - Are reservation-specific planning grants preferable to district and intertribal grants?

In addition to these program tool-specific concerns, a number of more general issues were also raised for examination. These included:

- What has been EDA's overall impact to date on Indian reservations? What has been the cost involved?
- Is the existing range of program tools adequate? Can the tools be strengthened or expanded?
- Is the Selected Indian Reservation Program a coherent, integrated program? Is it working?
- Is the EDA delivery system efficient? Are project applications processed within a reasonable time frame?

## Scope of Study

The 16 reservations included in the study were:

Annette Island, Alaska  
Blackfeet, Montana  
Crow, Montana  
Crow Creek, South Dakota  
Fort Berthold, North Dakota  
Gila River, Arizona  
Lower Brule, South Dakota  
Mescalero, New Mexico  
Navajo, Arizona/New Mexico/Utah  
Pine Ridge, South Dakota  
Red Lake, Minnesota  
Rosebud, South Dakota  
Salt River, Arizona  
San Carlos, Arizona  
Standing Rock, North/South Dakota  
Zuni, New Mexico

The total population on these reservations was roughly 197,000 which is over 41 percent of all Indians on Federal reservations.

A total of 66 public works undertakings, 13 business development loans, and 17 technical assistance projects had been approved for these 16 reservations. Funds allocated for these projects totaled \$32.8 million in grants and \$10.1 million in loans,\* which was roughly three-fourths of the total approved funds to all the Action List reservations. In addition, 15 of the 16 reservations received either direct or indirect financial assistance in their planning efforts from EDA. Excluding the 3 reservations in Arizona funded under a state-wide grant (because of difficulties of proration); roughly \$900,960 in additional grants was contributed by EDA through area and district planning grants to the remaining 12 reservations.

## Evaluation Framework

In developing a methodology for use in assessing EDA's impact on the 16 reservations, major attention was given to devising a system which would:

1. Handle any of the program tools with equal facility;

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\*The loan figure includes \$1.5 million of business development loans which were later cancelled.

2. Describe and measure all relevant impact attributable to EDA;
3. Be sensitive to the special problems associated with Indian projects;
4. Be field operational in terms of both time and cost factors; and
5. Provide information upon which program decisions could readily be based.

Furthermore, the evaluation framework was designed to permit:

1. Project-by-project assessment;
2. Evaluation of EDA's accomplishments on any given reservation;
3. Evaluation of any program tool across the various reservations;
4. Evaluation of EDA impact and effectiveness on any selected grouping of reservations; and
5. Evaluation of the overall Selected Indian Reservation Program.

A set of criteria was developed to serve as the basis for structuring the field work and subsequent analysis. Two of these criteria were judged to be of prime concern. These were (1) *permanent* improvements in total income and in the distribution of income; and (2) *potential* improvements in total income and in the distribution of income. Since EDA's basic objective is to provide a permanent improvement in income and a better distribution of income within EDA-eligible areas, it is appropriate to focus primarily on these goals.

As an indication of income improvement, the evaluation team sought to identify and assess all jobs (other than those which were clearly temporary in nature) which owed their existence to an EDA-funded project or activity. Jobs by themselves, however, are only one aspect of permanent income improvement and better distribution of income. Two related factors were also examined for their relationship to income stability and the desired distribution of the new income. These factors were the presumed permanence of the new jobs, based upon the type of employer and the likelihood that he would be able to maintain employment, and the extent to which the new jobs had gone to Indians who were formerly unemployed or underemployed.

Actual jobs created is only one side of the EDA contribution to the permanent improvement of income and to better income distribution. EDA's projects also contribute to the *potential* for income improvement (or jobs). There are improvements in the human potential to contribute to economic development, improvements in the potential of the reservations' physical structure to attract economic development (infrastructure), and

improvements in the potential deriving from increased financial capacity. For example, improvements in the physical infrastructure of reservations have a very direct relationship to the potential for certain types of economic development. Better industrial sites, better utilities, better housing, better transportation facilities—all of these make the prospect of job creation more likely. It was important, then, that there be an appraisal of the impact of EDA projects on improvements in the infrastructure. Similarly, the impact of EDA projects on tribal borrowing power, tribal leadership, usable knowledge about development prospects, and skills and experience of tribal members were all judged to be important aspects of reservation development and assessed accordingly.

In addition to these two primary criteria, a set of secondary criteria for assessing EDA impact on the reservations was also incorporated into the evaluation effort. These supplementary criteria included: (1) the amounts of private investment induced as a consequence of EDA projects, (2) the "degree of difficulty" of the economic environment on the various reservations, (3) elapsed time since project approval, (4) level of EDA investment associated with the resultant impact, and (5) the encouragement of Indian entrepreneurship, on both a tribal and individual basis. Each of these secondary criteria helped qualify the "success" of the EDA efforts and was hence built into the analysis. Finally, the improved community services to the tribes resulting from EDA projects and activities, either directly or indirectly, was considered noteworthy.

### Approach

Two complementary strategies were adopted for structuring the information gathering and subsequent analytical activities. The basic strategy was to develop a series of information guides which covered all data needs and related issues for which Reservation and agency inputs were required. Utilizing these guides, the staff conducted unstructured, open-ended interviews with tribal leaders, planners, local bankers and businessmen, industrialists, plant managers, and EDA personnel at both the regional and national levels. During the interview period, which lasted for several months, and subsequent to it, the staff met regularly to compare experiences, consolidate findings, and raise and discuss pertinent issues. Coupled with individually prepared reservation reports, these staff discussions served as the basis for the analyses, conclusions and recommendations appearing in this report.

The second strategy employed was to develop a simple project rating system for compiling and quantifying all key information obtained during the individual project assessments at the reservations. The purpose for the system was to standardize all findings so that cross-project comparisons would be possible. This would further allow the rating of projects individually and in clusters, and permit the development of overall reservation

and program tool ratings as well. The system was designed to produce two distinct project scores, (1) an "income score" reflecting the identified job impact attributable to a given EDA project as qualified by the criteria discussed above and (2) a "potential score" which focused on the impact of these projects on reservation infrastructure, tribal borrowing power, attitudes of tribal leadership toward development, enhanced skill levels and knowledge about development prospects.

The project rating system was developed and utilized to assess all completed EDA projects. However, several of the assumptions and simplifying devices employed in designing the scoring procedures were, of necessity, somewhat arbitrary. Consequently, the resultant scores and implied results were, in some cases, misleading. While the overall findings based on the scores closely paralleled those obtained through discussions, specific findings were clearly skewed in several instances. Because of these irregularities, a decision was reached to resort back entirely to the basic strategy and not base this final report on the results obtained from applying the rating system.

### Schedule

The evaluation effort was performed in five phases. In the initial phase, the methodology was consolidated and evaluation instruments developed. The project team was assembled and the objectives of the evaluation were defined. A series of meetings was held with EDA personnel at the national level representing each of the program tools and the Indian program as a whole. Working drafts of the various forms, interview guides, and corresponding instruction materials were developed, discussed, and refined. Training sessions were conducted to familiarize the staff with the materials and to insure that they could easily conduct open-ended and unstructured interviews and discussions. EDA records relating to individual projects and to the Reservations were reviewed and transcribed to appropriate data collection forms. A decision was reached with EDA as to which three reservations would be visited first as a pretest of field procedures and instruments, and arrangements were completed with regional offices and tribal officials for these site visits. This phase lasted from mid-January to mid-February, 1971.

The second phase, which was conducted in the latter half of February 1971 was devoted to evaluating programs on these three reservations (Annette Island, Red Lake, and Zuni), analyzing results, and preparing individual reservation reports on each. The three regional offices which serviced the 12 reservations in the original study were visited, and discussions held with various staff members and with the Indian officers assigned to these regions. A briefing was then held at EDA to review the field experiences, to offer initial findings, and to receive guidance from EDA on how the methodology might be improved. Appropriate modifications were made, and arrangements set for the subsequent visits to an additional nine reservations.

These reservations were visited during the third phase of the study, lasting from early March through mid-April. One evaluator was assigned to each reservation. A total of four field evaluators were utilized, so that each individual had experiences on several reservations from which to base his general conclusions and recommendations. The evaluators maintained daily phone contact with home base in Washington and forwarded materials for editing and processing. Conference calls among all the field team were conducted twice during the evaluation. Following the field visits, a series of discussions were held to review experiences and findings, and to collectively draw conclusions and recommendations about the program. Sessions were also held to jointly rate the various projects, utilizing the scoring system discussed above. Individual reservation reports were prepared.

The fourth phase of the study involved the visits to the additional six reservations on the original Action List which had not been covered during the first two rounds of visits. These six were: Crow Creek, South Dakota; Gila River, Arizona; Lower Brule, South Dakota; Mescalero, New Mexico; Navajo, Arizona/New Mexico/Utah, and Pine Ridge, South Dakota. In general, the same procedures were followed for these reservations as for the original twelve.

The fifth phase of the study involved the preparation of the final report.

## CHAPTER FOUR

### PUBLIC WORKS PROJECTS

#### Summary

The public works program tool is clearly dominant on Indian reservations at this time, as it is for the entire EDA program. Of a total of about \$44 million approved for the original 16 Action List reservations \$37.5 million was approved for public works. This amounts to 85 percent. Of the 96 undertakings approved for the 16 reservations (excluding planning grants) 66 or 69 percent were public works projects.

Most public works projects involved a specific utility or facility providing a particular type of support for industrial development (such as a road or a dock). A total of 29 projects were included in this category, 44 percent of the 66 public works undertakings. The amount of funds approved for support projects of this type was \$15.6 million, amounting to 42 percent of the total public works projects.

The next most significant category of public works projects was tourism, which accounted for \$13.4 million or 36 percent of the total public works approvals. Ten tourism projects were approved, 15 percent of the total.

Of the 66 public works projects, 15 or 23 percent were for industrial parks. The amount of funds approved for industrial parks was \$4.8 million, or 13 percent of the total approved for public works.

There were also 12 public works projects which were largely unrelated to job creation. These were approved on the basis of their service to the community, which is allowable under the law. The total amount approved for such community service projects was \$3.7 million, or ten percent of the total.

It should be kept in mind that not all of these projects had been completed or had been completed long enough to accomplish their intended impact. Of the total of 66 public works undertakings, 44 or 67 percent were completed at the time of our visits, while seven had not even begun construction. The balance were in the process of completion.

The site evaluators credited the completed projects with having been responsible for the creation of 1,941 jobs. Of these jobs, 1,687 went to Indians. Total annual payrolls amount to \$11,078,940. The number of job equivalents (the jobs realized are translated into jobs with annual incomes of \$6,500) equalled 1,704. Projected jobs with reasonable chances of realization amounted to an additional 1,800 jobs, approximately 90 percent of which would likely be filled by Indians. The total amount of EDA investment per job

equivalent is higher than for most EDA projects and reflects the difficulty and costliness of economic development on Indian reservations.

Aside from the job impact, all the tribal leaders reported that specific EDA public works projects were among the most important Federal contributions to their development to date. These projects have not only served as focal points for most of the development taking place on the reservations, but they have spurred tribal leadership to taking development seriously. Thus the public works projects have not only been successful in helping to create jobs on the reservations, but they have also contributed significantly to improving the potential for future job development.

### Analysis

By providing the various reservations with major projects, the public works effort has clearly demonstrated to the tribes that progress in economic development is now at least possible. The industrial parks, roads, community buildings, and tourist complexes are all concrete demonstrations that something is beginning to happen. Tribal leaders almost without exception point to these projects with pride and as testimony to the accomplishment of their administrations. There can be little doubt that EDA's contribution to the physical infrastructure of the original Action List reservations has been substantial. It is still too early, however, to judge what the full impact of these projects will be.

It is also difficult to evaluate the overall impact of the public works program tool on the Action List reservations because of the extreme variations among the reservations. For example, public works projects have been extraordinarily successful on the Gila River Reservation where an investment of some \$5,042,000 in eight public works projects has resulted in some 670 jobs or about \$7,525 per job. If only industrial parks are counted, the investment is \$2,321,000 and the number of jobs about 620, or roughly \$3,742 per job, a figure which compares favorably with many non-Indian EDA industrial park projects.

However, on the other end of the scale, five of the reservations had industrial parks which had not yet attracted any industries and several others have had only marginal success. It seems clear that where an Indian reservation is located relatively close to a population center, such as Gila River which is basically a part of the Phoenix Metropolitan Area, the chances of success with an industrial park project are great. However, where the reservation is far from centers of population, such as the Blackfeet Reservation in Montana, the odds on success grow much longer. These odds can be improved by good leadership and good planning as illustrated on the Navajo and Mescalero reservations.

The relative lack of success in attracting industries to the industrial parks on the other reservations is illustrated by the fact that there was only one industry at the industrial

park in Crow, and its future was uncertain at the time of the site visit by the evaluation staff. Both Pine Ridge and Lower Brule had one industry each in their parks, but the amount of job creation at Lower Brule was almost insignificant. Two other reservations had tenants projected, but they had not yet materialized at the time of the visits. Three other industrial park projects had seen their initial prospects vanish and they had not yet succeeded in attracting replacements.

It is clear that reservations are not attractive to many industrial site-seekers, even with prepared sites, a readily available labor force with high skill potential and low cost, and the prospect of long-term low cost business development loans. Most of the reservations are at a competitive disadvantage with alternative areas of the country with respect to market accessibility, availability of professional and skilled labor, proximity to research and educational facilities, presence of transportation alternatives, proximity to complementary industries, and general availability of community amenities and services. Most of the industries which have located on the isolated reservations have done so primarily because of the availability either of exploitable natural resources and/or relatively inexpensive, unorganized and dexterous labor forces. Other related incentives, such as prepared sites, available buildings, lower interest loans, and government-funded training programs, have in most cases been supportive, but not decisive in attracting firms to the reservations. These latter incentives are also available in many other areas closer to markets.

There have been a number of efforts to help the tribes develop their skills in promoting their reservations as attractive locations for industry. The American Industrial Development Council and EDA have cooperated in an intern program to help train Indians in industrial development skills. However, this program has not yet had time to be effective. A number of conferences have been designed to bring tribal leaders and industrial site-seekers together, but these have not been successful. Nor has there been any attempt yet to identify those industries which are best suited for the reservations and which can operate competitively at such locations.\*

In any event it is clear that if the use of EDA public works program funds for industrial parks on Indian reservations is to be fully effective, some ways must be found to help Indian leaders do a more effective industrial location job. This may well involve a combination of research, training, promotion and technical assistance.

The 10 tourism complexes investigated during our field visits were all either under development or just recently completed, and none therefore had adequate operating experience upon which our analysis could be based. EDA has expended a total of \$13.4

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\*The Industrial Studies Division of the Office of Planning and Program Support of EDA is currently developing an operational computerized system for matching industries with compatible locales. This system could be adapted to Indian reservations and might well be useful in helping Indians direct their industrial location efforts to the right target industries.

million in grants and loans on these ten complexes. Each of the reservations visited was optimistic about the prospects for their tourism facilities. Over 500 jobs generating roughly \$2.6 million in annual income were forecasted in total.

Only one of the reservations visited had an operating and successful tourism development (Mescalero) and this development preceded EDA and the Selected Indian Reservation Program. The total amount of money invested by EDA in tourism complexes under the Selected Reservation Program is quite large, and there is still no real evidence that they can be operated successfully, even given the fact that they have been constructed largely with grant funds and do not have large capital investments to finance.

Several of the tourist projects appeared to the evaluation team to be too large and costly. While it was recognized that tourism complexes must be unusual in terms of design, facilities and accommodations in order to attract customers, the staff judged that both tourism complexes at San Carlos were based upon recreational water resources which were inadequate to support the associated facilities. The complex at Fort Berthold was based upon a volume of tourist traffic well beyond that projected for the area from past trends.

The proof as to whether or not the tourist projects can accomplish their objectives will ultimately come when they are put into operation. Until then, one can only speculate as to their impact. However, in view of the doubts raised, it would be prudent for EDA to take considerable interest in tribal plans to manage and promote the soon-to-be-completed resorts and complexes.

None of the tribes had the management experience to operate the new facilities themselves, and only a few had, at the time of the evaluation visits, negotiated contracts with reputable outside professionals. Moreover, few had developed sound plans for assuring an inflow of tourists through advertising and promotion. It would be well, under these conditions, for EDA and the other Federal agencies cooperating in Indian development programs to help the tribes secure adequate management and undertake effective promotional efforts.

While many of the public works projects were valuable and effective, the evaluation team noted that most projects were originated on the Reservations and judged by EDA on the basis of their immediate appeal rather than on long-term plans which take into account not only economic costs and benefits but also social costs and benefits.

Projects should not be approved unless they are clearly consistent with a well articulated reservation development strategy. While the need for tangible and immediate results is recognized, interim projects (that is, projects approved prior to a fully developed strategy) should be selected with care. Low risk projects, such as community buildings, should be given priority. It is unlikely that a community building will create any unforeseen long-term upheaval of community life. The same cannot be stated unequivocally for industrial parks and tourist complexes.

Community buildings and community service projects (for example, new streets for a town) are worthwhile economic development projects for the reservations. The community projects examined during the visits to the reservations were generally providing the tribes with a much needed facility or service. As examples, the loading ramp at Annette Island has led to increased flows of supplies to the community at decreased cost to them. The road improvement project at Browning has complemented other improvements and commercial development in the town. The summer camp at Crow is providing structured recreation for many needy Indian children. The training center at Zuni is the focal point of all tribal activities and the most utilized building on the Reservation.

Commercial centers, of the type recently funded at the Zuni Pueblo, would also seem to warrant special EDA attention. Most of the reservations visited had service sectors which were dominated by white storeowners. It is demoralizing for many Indians to see their incomes leave the Indian community so rapidly. If opportunities existed to support Indian tradesmen, the community would certainly respond. By developing commercial structures and assisting Indian entrepreneurs to secure necessary capital to begin ventures, EDA would be providing a significant and lasting service to the reservations.

### Recommendations

EDA has invested a considerable amount of funds in public works projects for the Selected Indian Reservations. Given the flexibility of the public works program tool, there is no shortage of applications for public works projects on the reservations, but there is still some doubt as to whether the approved projects will have their intended effect. Better planning for such projects in advance of approval and more support for related activities designed to improve their utility will help produce more successful projects.

1. *More care should be given to the planning process on reservations so that public works projects result from planning activities and do not precede fully-developed planning strategies.* The full consequences of projects cannot be determined if they are analyzed separately. The decision to proceed with a project should be based upon well-conceived development plans which have considered everything which needs to be done to make the plans successful.
2. *If the industrial parks created on Indian reservations with EDA funds are to be successful, Indian Developers should be assisted in their industrial development efforts more heavily than at present.* EDA should assume greater responsibility for helping with industrial promotion. Programs should be established to help Indians identify those industries which have the greatest potential for location on the reservations.

3. *EDA should provide assistance to the Indian reservations in seeing to it that their new tourist complexes are effectively managed and promoted. The size and scope of many of the new tourism resorts being built on reservations with EDA grants makes it imperative that EDA commit sizeable resources in helping the Indians succeed with tourist ventures.*
4. *Use of the EDA public works program tool for commercial centers on Indian reservations is needed. However, such use should be fully supported with business development loans, management and technical assistance. Many Indian communities lack commercial services and others are being exploited by non-Indian entrepreneurs.*
5. *While their economic development impact may be low, EDA should give priority to approving necessary service projects which cannot be funded by other agencies. Such facilities are badly needed on mos. reservations and their long-run impact on Indian development is certainly favorable.*

#### Summary of Projects

- At Annette Island, a \$228,000 grant and a \$154,000 loan financed the construction of a docking facility for ocean-going vessels. Without this project, the development of the island's timber resources would have been infeasible. Consequently, the timber industry has been activated on Annette Island resulting in 89 jobs (including 69 to Indians) with a total annual payroll of almost one million dollars, plus over \$100,000 in stumpage fees to the community. The Japanese firm which is processing the timber has had some recent financial setbacks, and the possibility of their closing down the operation existed at the time of our evaluation.
- Compiementing this above project, an EDA grant of \$43,200 and a loan of \$10,800 financed the construction of a "roll-on, roll-off" loading ramp for the dock. The ramp permits direct delivery and shipment of small volume cargoes by the barge-tug-container method, and has subsequently led to increased shipments at decreased costs to the community. No job development was associated with this project, but the entire island population is benefiting from the improved service afforded by the ramp.
- Also at Annette Island, a \$488,000 grant and a \$97,000 loan helped finance a \$735,000 cold storage and fish processing plant. This facility enables a longer fishing season, a more diversified fish crop, and higher prices for frozen fish and fish fillets (as opposed to canned fish, the previous, single alternative). Having just been completed, the 1971 fishing season will be the first one to reflect the enhancements made possible by this project. It is projected that 15 permanent

jobs will be created at the plant with an annual payroll of around \$70,000. In addition, local fishermen should collectively increase their annual income by an estimated \$150,000.

- Finally at Annette Island, a \$480,000 grant and a \$120,000 loan are currently financing the improvement of the community's water system. A principal justification for the project is the need to provide the community with adequate fire protection. While no new or saved jobs are associated with this project, the improved water system and better fire protection may enhance the ability of the community to attract new employment opportunities to the island. The project is scheduled for completion in 1972.
- At Blackfeet, a \$356,000 grant helped finance the development of a \$445,000 industrial park. The 12-site, 67-acre park was completed in 1967. While there are several active prospects at present, no firm has to date located in the industrial park.
- Also at Blackfeet, a total of \$576,000 in grants and \$144,000 in loans financed extensive street improvements, including paving and gutters, for the Town of Browning (the major town on the reservation). The specific impact from this project is difficult to access. Several businesses have subsequently opened in Browning, and the improved appearance of the town is said locally to have been a factor in their development. However, it is likely that the increase in tourist trade which made these businesses feasible is more correctly attributable to the increased visitation to nearby Glacier National Park than to the improved appearance of Browning made possible by the project.
- Finally at Blackfeet, two projects totaling \$1,161,000 in grants and a \$633,000 loan are financing a \$1.8 million tourism/recreation complex at Lower St. Mary's Lake. The complex includes a 55-unit motel, a 40-unit teepee village, a 100-unit campground, a restaurant, a marina, and a swimming pool. The project has only recently been authorized, but is expected to result in 40 year-round and 125 seasonal jobs with an aggregate payroll of \$242,000.
- At Crow, a \$240,800 grant was used to help finance a \$301,000 industrial park on a 45-acre site. With the aid of an EDA business loan, discussed in the next chapter, a carpet mill was established at the park. It currently employs 80 Indians plus 10 non-Indians with a total annual payroll of \$350,000. Future prospects for this operation are uncertain at present and hinge on several interrelated market factors. No other firms have as yet been attracted to the Reservation. The utilities installed to serve the park do however provide utilities to 40 nearby Mutual Help housing units which were subsequently constructed.

- Also at Crow, two projects totaling \$1,050,400 in grants and \$435,000 in loans were used to help finance a \$1.6 million tourism/recreation complex. The complex includes a 60-unit lodge, a teepee village, a 3,000-seat grandstand, parking areas, concessions, roads and utilities. The complex will be opened for the first time in 1971. Seasonal employment will be available for an estimated 80 Indians and five non-Indian managers, with a projected total payroll of about \$150,000.
- Also at Crow, \$324,400 in grants was used to help expand a summer work-study camp facility on the Reservation. The project, completed in 1970, included dormitory space for 150 youth, staff cottages, a first-aid station, a crafts and classroom building, a storage area, kitchen facilities, outdoor recreational areas, and related utilities. The summer camp, established in 1963, provides organized and supervised summer recreation for the youth of the reservation. Because of the expansion, girls were accommodated at the camp for the first time. Some 88 girls and 109 boys took part in the 1971 program.
- At Crow, two additional public works projects have been approved but are not yet completed. A \$159,300 grant and a \$64,000 loan will help finance a water treatment facility designed specifically to address the water waste problem associated with the carpet mill at the industrial park. The project is currently in suspension awaiting the results of a technical study investigating the most appropriate engineering solution to the problem posed by the carpet dyes. A second project, now under construction, is being financed by a \$294,000 EDA grant and a \$100,000 loan. This project is the first phase of a large scale tourism recreation complex at the Big Horn Recreational Area. In this phase of the complex development, a boat marina with 200 slips, a campground area, a snack bar, tackle and boat repair shops, a swimming area, and a sheltered overlook will be developed. It is estimated that 50 Indian jobs will result from this project.
- At Crow Creek, an EDA grant of \$60,168 permitted the development of an industrial park area with water, sewer and access roads. Although several firms have at various times located on park sites since the project was completed in 1968, the industrial area is currently unoccupied. Nevertheless, the park has provided the Reservation with an important component of infrastructure which the tribe is anxious to exploit.
- Also at Crow Creek, two EDA projects totaling \$887,600 in grant funds were utilized to develop a tourism and business complex on the Reservation. The project, which employs 30 persons, was completed in the spring of 1971. Income generated from the project that has returned directly to the tribe is at a rate of \$39,360 per year (based on the first six months of operation), and not

all the space in the business complex section has yet been leased. The annual payroll is estimated to be \$136,220.

- Finally at Crow Creek, a grant of \$153,000 has recently been awarded for the construction of a 200,000 gallon water storage facility. The project is designed to serve residences, the tourism complex, and the industrial park area of the Reservation. No job impact is expected from this project.
- At Fort Berthold, a \$20,000 EDA loan helped finance a \$102,015 community center building at Mandaree on the Reservation. The facility is used for community-wide meetings, social events, civic activities, and training programs. The building, which was primarily funded by a HUD-grant, was completed in 1969 and is already considered inadequate for its usage. No job development has been associated with this project to date, with the exception of some training sessions conducted at the center in connection with a heavy equipment operators training program. (An application for a much larger community center elsewhere on the Reservation was approved for funding subsequent to our field visit.)
- Also at Fort Berthold, a total of \$1,305,000 in grants and \$226,420 in loans from three separate public works projects financed the bulk of a \$1.5 million, 40-acre tourism complex. Included were a motel, restaurant, marina, trailer park, service station, and laundry facilities. The park is scheduled to open in the early fall of 1971. While it is projected that 80 jobs will be generated to local Indians as a result of the complex, the current volume of tourist traffic in the vicinity of the Reservation would not nearly support this level of employment. Before the complex can become a major tourist attraction in its own right, the regional transportation system will probably need to be improved significantly. Furthermore, it will be necessary to locate and attract a highly skilled management team to the Reservation to run the complex, at least in its early stages. No such team had as yet been found at the time of our field visit.
- At Gila River, two projects at a cost of \$729,000 in grants and \$111,000 in loans were used to develop a 750-acre industrial park in the southern portion of the Reservation. Two firms are currently operating on the park. Dela Enterprises, a manufacturer of pyrotechnic devices such as flares and gas grenades, employs between 15 and 60 persons, depending upon the status of current contracts. The 1970 payroll for the plant was approximately \$200,000. The other firm operating on the park is Gila River Enterprises, a tribally-owned business that employs 100 persons at a payroll of \$360,000. In addition, the park has a full-time administrator at \$12,000 annually, and a secretary at \$6,000 annually. New enterprises planned for the park would employ an additional 475 persons.
- Also at Gila River, EDA contributed a grant of \$420,000 and a loan of \$105,000 for the development of the 335-acre San Tan Industrial Park.

Although no tenants have begun operations at this industrial park, several are expected in the near future. Cal-Nap of Napa, California, has signed a lease for 20 acres to operate a tannery. Employment is expected to be between 30 and 75. Other planned operations include a food storage and marketing facility employing 14 persons and a feed mill employing 12.

- Also at Gila River, EDA contributed initial and supplemental grants totaling \$765,000, and initial and supplemental loans for a total of \$191,000 to develop a 315-acre industrial park near Chandler, Arizona. Five firms are located on park sites. Anthony Farms, an agricultural operation involved in the production, packing and distribution of produce, employs between 20 and 400 persons, depending on the level of produce to be processed. The annual payroll was estimated to be \$500,000. A second plant operating in the Pima-Chandler Industrial Park is Pima Valve Company. This firm employs 13 persons and has a payroll of \$110,000. The C. I. Morgan Company, a firm involved in the design, production and sale of industrial cleaning equipment and chemicals, is also located on a park site. At the time of the evaluation, Morgan employed only two persons. However, 25 employees with a \$150,000 payroll were projected for 1972. The Barron Container Corporation, a manufacturer of foam containers, employs a work force of between 200-250 persons. The annual payroll is approximately \$1,000,000. The last firm operating at the park is United Mobile Home Trailers, a manufacturer of mobile homes. United has a work force of 120 persons plus 10 individuals in management. The gross payroll is estimated to be \$1,000,000 per year.
- Also at Gila River, EDA contributed a grant of \$85,000 to develop two community facilities in the communities of Bapchule and Santa Cruz. Although no employment or income can be attributed to these facilities, they have produced significant service impact.
- Also at Gila River, an EDA grant in the amount of \$48,000 was used to facilitate construction of a small home for boys with special problems. The home is administered along with a similar facility for girls. The administrative staff for the two facilities consists of five persons. Additionally, four individuals are employed at the boys' home itself. Of the total payroll of \$34,000, it is estimated that \$20,000 is attributable to the boys' home.
- Also at Gila River, EDA contributed a grant of \$494,000 and a loan of \$111,000 for a Museum/Arts and Crafts Sales Center. The complex consists of a museum and sales center and a coffee shop. The space set aside for a lounge is currently being leased to a key punching service. Total employment at the complex is 16, including eight persons and a director at the museum and sales center, with a payroll of \$37,000, and seven persons at the coffee shop with a

payroll of \$25,000. Monthly sales volume at the craft center is estimated to be \$22,000.

- Also at Gila River, EDA extended a grant of \$986,000 and a loan of \$165,000 for a Skill Training Center. Completed in March 1971, this center is operated by Central Arizona College under contract to the tribe. The staff of the center numbers 26, 11 of whom are local Indians. The total payroll of the facility is estimated to be \$200,000 per year.
- Finally at Gila River, EDA contributed a grant of \$832,000 for the construction of a recreation project consisting of a lake with boating facilities and a restaurant. Application has been made to EDA for an additional \$724,600 to complete the facility as originally conceived. When completed, the annual profit is projected to be \$191,000. Employment projections show three full-time managerial positions and 30 part-time employees with an annual payroll of \$162,000. It is hoped that the project will be in operation by the summer of 1972.
- At Lower Brule, a grant of \$16,776 was utilized for the development of a partial industrial park. The only firm located on the park at the present time is Iron Nation Corporation, a textile fabricating operation. The current work force consists of only nine persons, although it is anticipated that this number would rise to 50 within two months as a result of a new contract that had just been negotiated. Average pay rates at Iron Nation Corporation are \$2.25 per hour.
- At Mescalero, a grant of \$575,000 helped to finance a community center on the Reservation. Completed in 1968, the building includes tribal offices, a gymnasium, swimming pool, bowling alley, culture museum, library, cafeteria, and several multi-purpose classrooms. Approximately 30 jobs have resulted from this project, with an annual payroll of \$150,000.
- Also at Mescalero, EDA contributed a grant of \$281,000 to construct a training center as a wing of the community building complex. The training facility, completed in 1969, operates utilizing funds from various Federal agencies. Over 60 persons work in the training center. The total payroll, including trainees and programs not directly involved in training (such as the day care program), is \$360,000 annually.
- Also at Mescalero, a grant of \$213,000 was utilized to finance a 20-acre commercial park, including a gas station, tribal store, laundromat, Indian village (as a tourist attraction), and other commercial facilities. The park is only partially completed, and the gas station is the sole operating business. Employment at the station is six, with an annual payroll of \$35,000.

Ultimately, it is projected that 30 persons will be employed at the park, with a payroll of \$165,000 per year.

- Also at Mescalero, EDA financed the construction of fencing for a cooperative livestock production enterprise at a cost of \$144,000. Completed in 1969, this project has resulted in a revenue increase of \$300,000 per year, and an employment increase of 15 persons. At an annual earning level of approximately \$5,000, this represents an increase of \$75,000 in the payroll.
- Finally at Mescalero, 3 EDA projects at a combined cost of \$4,283,000 have been approved for a resort complex. The complex, which is currently under construction, will include a 100-acre lake, a golf course, tennis, and boating facilities, and a 125-unit motel. Employment at the resort is expected to reach 150, with a payroll of approximately \$1,200,000.
- At Navajo, a \$101,000 grant and a \$25,000 loan were used to finance an industrial park at Fort Defiance. Completed in 1969, the park is now occupied by a facility of General Dynamics. This firm, which manufactures electronic components, currently employs 106 persons. The average rate of pay at the plant is \$2.00 per hour. One other firm, a manufacturer of cleaning fluids, is planning to locate on a site in the industrial area. Projected employment for this firm is 106 persons.
- Also at Navajo, EDA contributed \$122,400 in grants and a loan of \$30,600 to construct an industrial park in Shiprock. With the aid of an EDA business loan and another EDA public works project (for a water system), the Fairchild semiconductor plant located on a park site. This firm now employs 750 persons, and has a payroll of \$4.5 million. No other firms have located in the industrial area at Shiprock since the completion of the park in 1967.
- Also at Navajo, an EDA grant for \$1,000,000 and a loan for \$650,000 were utilized to construct a water system that would bring water from the neighboring town of Farmington into the Shiprock area. The system, which was partially responsible for the location of the Fairchild semiconductor plant on an industrial site in Shiprock, also services a hospital and approximately 1,000 residences.
- Also at Navajo, EDA contributed a \$130,000 grant for on-site improvements for the new town of Navajo, New Mexico. These improvements, which included site leveling, erosion control measures, and street and sidewalk paving, were necessary before a community facility and commercial center could be constructed in Navajo. The two facilities have now been completed, although they have still not opened for use.

- Also at Navajo, a grant of \$180,000 and a loan of \$45,000 were responsible for the construction of a water storage facility in Kayenta. The project, which was completed in 1969, permitted an expansion of the local Holiday Inn. This expansion resulted in the creation of 12 new jobs, all held by Navajos. Additionally, the facility services several hundred households, and was a necessary prerequisite for the construction of a junior high school in Kayenta.
- Also at Navajo, EDA contributed a grant of \$91,800 for the development of water and sewer extensions in Tuba City. Completed in late 1969, this project has not yet produced any job or income impact. Nevertheless, it has provided needed services to several hundred households, and has provided the community with an essential item of infrastructure.
- Also at Navajo, EDA contributed a grant of \$512,860 and a loan of \$171,560 for the construction of a sewage treatment plant for the Shiprock community. Additional funds in the amount of \$425,800 were provided by the Federal Water Pollution Control Administration. Although no jobs or income have been provided by this project, it has rendered considerable service impact and has permitted the construction of several hundred houses needed by employees of the Fairchild semiconductor plant.
- Also at Navajo, EDA provided a grant of \$1,783,200 for the construction of a road along the southeastern border of the Reservation. The project application was submitted by McKinley County, although it was endorsed by the tribe. At the time of the application, 700 jobs in uranium milling and mining were projected. However, a decision of the Atomic Energy Commission not to purchase additional uranium has resulted in no job or income impact that can be related to the project.
- Also at Navajo, a grant of \$160,200 and a loan of \$96,000 were utilized to construct a water storage facility at Navajo, New Mexico. The project has provided increased fire protection services for Navajo Forest Products Industries and also provides service to all households in the town.
- Also at Navajo, EDA contributed a grant of \$893,330 and a loan of \$280,000 for a water and sewer system for Chinle. This project, which has still not been completed, has resulted in the construction of a 79-bed extended care facility that employs 70 persons. The annual payroll at the facility is \$450,000. A handicapped children's facility that will employ 140 persons is now being planned for Chinle, and a Public Health Service hospital that will employ 344 is also being planned. Additionally, the project provides considerable service impact to the community by providing water and sewer services to several hundred households.

- Also at Navajo, four additional public works projects were approved since late 1968, although none were completed at the time of the evaluation visit to the Reservation. A \$1,600,000 grant and a \$400,000 loan were approved for a water supply system for the Window Rock/Fort Defiance area. In addition to service impact, it is anticipated that this project will result in a minimum of 136 new jobs. A grant for \$958,943 and a loan for \$275,000 were also approved for a water and sewer system in Tuba City. The project is designed to eliminate health hazards in the area and is expected to serve as the impetus for economic growth in the area. Two grants for a total of \$1,652,500 were also approved for a water and sewer system to support the new facility of the Navajo Community College, and a grant of \$684,000 was recently approved for an additional water system for the Shiprock area.
- At Pine Ridge, a \$38,000 grant permitted the development of an industrial park on a 20.6-acre site. Utilizing a building constructed by the tribe, the park is now occupied by Pine Ridge Products, a division of Sunbell of Albuquerque, Inc. The plant, which manufactures moccasins and Indian dolls, employs 180 persons. The annual payroll is approximately \$708,000. Future prospects for the park are uncertain at the present time, and no other firms have been attracted to the Reservation.
- Also at Pine Ridge, EDA contributed a \$191,000 grant toward the improvement of an airport at Pine Ridge Village. The airport, which consists of one lighted and one unlighted runway, has been used largely by Federal employees and management personnel of Pine Ridge Products. It is hoped that the presence of the airport will increase the attractiveness of the Reservation to outside industrialists, although it has not played a key role in industrialization efforts to date.
- Finally at Pine Ridge, a \$73,000 grant and a \$29,000 loan were used to finance the construction of a sewer lagoon and outfall line for Pine Ridge Village. Additional funds in the amount of \$40,500 were obtained from the Federal Water Pollution Control Administration. The project, which was completed in 1969, has enhanced living conditions in the town and has resolved a potential problem of water pollution resulting from overflowing sewer facilities.
- At Red Lake, a \$150,339 grant and a \$37,585 loan financed the development of a 90-acre industrial park on the Reservation. The impetus for the project was a strong prospect of attracting a furniture manufacturing plant to the Reservation. After several years of discussion, a technical assistance study, an EDA business loan approval, and much local controversy over this proposed plant, the firm decided to locate elsewhere. No firms have been attracted to the park since its completion in 1968, and there were no active prospects at the time of our field visit in February 1971. The utilities associated with the project have,

however, benefited the local Indian community, as well as the tribally-owned sawmill and cedar fence plant located at the site of the park but predating it.

- At Rosebud, a \$40,000 grant permitted the rebuilding of an existing pump house on the Reservation as an administration building. Since its completion in 1967, the building has been used to provide space for the Reservation housing program, the Community Action Program, and currently, the legal services program. While providing more spacious accommodations for these community programs, no direct job development efforts were associated with the project.
- Also at Rosebud, a \$72,000 grant and an \$18,000 loan permitted the development of a 4.6-acre industrial park on the Reservation. The park was completed in 1969, but lack of subsequent site maintenance has resulted in a deterioration of the location. The impetus for the park was the prospect of attracting a food production facility to the Reservation. Despite an approved EDA business loan, the firm in question – plagued by corporate management problems and tribal administration turnover – decided against the proposed venture. No other prospects have been found for the park.
- Also at Rosebud, \$55,500 in grants allowed the paving of an access road to the existing, occupied Antelope industrial park on the Reservation. By providing all-weather access to the site, the work season for some 100 employees at the park has been extended by as much as two months. The firms affected include a tribal-owned electronics company, a manufacturing company, and a small Indian-owned sign company. Increased salary benefits are estimated at \$35,000 annually. In addition, residents of 120 homes along the road have benefited from the all-weather surfacing, as have several community action workers located at the park site.
- Also at Rosebud, a \$28,800 grant allowed the conversion of an existing livestock stable to a “skill training center.” The building, delayed by a fire, was completed in 1969 and has subsequently been used as an adult educational facility and later for an ill-fated printing venture. It is currently vacant. Tribal plans for future use of the building include a handicraft production center, an administrative building, or its reactivation as a vocational training center.
- Also at Rosebud, a grant of \$50,443 and a loan of \$27,062, coupled with funds from the Federal Aviation Administration, permitted the construction of a one-runway, all-weather airstrip. While original plans called for leasing the air facility and surrounding land to a neighboring town, conflicts resulting from shifts in both town and Reservation government led to the abandonment of these plans. The airstrip has since been used by the Public Health Service and by other tribal and Federal employees, but represents a cash drain on the tribe

(as a result of maintenance costs and salary payments to a non-Indian airport manager). It is hoped that the presence of the airstrip will enhance the attractiveness of the Reservation to outside industrialists, but no firm prospects have to date emerged.

- Finally at Rosebud, a \$51,500 grant and a \$32,500 loan have been approved for the construction of a new building to house Rosebud Electronics, which is now in operation at the Antelope industrial park in an old building. An ownership dispute over the firm between the tribe and the former tribal chairman who founded the company has delayed construction of the project.
- At Salt River, two projects totaling \$233,500 in grants and \$96,500 in loans permitted the development of a 50-acre industrial park. Completed in late 1970, the first tenant signed a contract for a site at the park in March 1971. The firm, a producer of pre-fabricated housing, will initially employ 10 persons with a payroll of \$60,000 and, if successful, will double in size the following year. No other firms have to date been found for the park.
- At San Carlos, a \$176,000 grant and a \$44,000 loan permitted the development of a 50-acre industrial park on the Reservation. The project was completed in February 1971. The first tenant has recently signed a lease to locate at the park. The firm, which will produce activated charcoal, will employ 32 men at its plant and will support an additional 60 men in resource-related activities. A first year payroll of \$400,000 is projected. Two additional firms are considering locating at the plant to exploit the steam and heat by-products of the charcoal plant. Several other prospects are also under discussion. A technical assistance project funded by EDA to locate a viable prospect for the park has failed to produce any success to date.
- Also at San Carlos, \$211,000 in grants were provided by EDA for the construction of three community centers on the Reservation. Work was completed in December 1969. Community meetings are held in all three buildings on a regular basis, and the buildings represent the only indoor facilities where large groups of individuals can congregate to exchange views or to conduct government and business functions. No direct job development was associated with this project.
- Also at San Carlos, a \$434,000 grant and a \$108,000 loan permitted the development of the first phase of a tourism center on the Reservation at Seneca Lake. The complex, which was scheduled for completion in May 1971, includes a store, picnic areas, and utilities funded by EDA, and a restaurant, boat landing, service station, and maintenance building provided by the tribe. While the tribe has estimated that 50 jobs will result from the project, perhaps 15 to

20 jobs with a total annual payroll of \$60,000 would be a more realistic projection. The major drawback of the project is that Seneca Lake is relatively small and remote and may not be an adequate attraction to tourists to support the complex.

- Finally at San Carlos, a \$458,000 grant and a \$114,000 loan was approved for the development of a second tourism complex for the Reservation. Located at Soda Canyon, this project will include a souvenir shop, trailer park, boat landing, fish and game shop, and a gas station. Construction was begun in February 1971, after a two-year delay during which the Bureau of Indian Affairs completed an access road improvement project to the site. It is projected that 30 jobs with a total payroll of \$120,000 will result from the project. However, a dispute between the tribe and the local irrigation district must first be resolved, to insure that the San Carlos reservoir (around which the project is based) will remain at a tolerable height level to permit recreational usage.
- At Standing Rock, a \$96,000 grant helped finance the extension of modern water and sewer facilities in the community of Fort Yates on the Reservation. The Indian population of Fort Yates has certainly benefited from the new utilities. However, no new employment activities have been attracted to the area as a consequence of the project to date.
- Also at Standing Rock, two public works projects totaling \$1,010,900 in grants and \$258,100 in loans were approved for the development of a tourism complex and a related sewage treatment facility. Construction of the complex was scheduled to begin in mid-1971, and will include a museum, marina, teepee village, amphitheater, motel, restaurant, and convention facilities. The complex is projected to employ 80 persons with a total annual payroll of about \$300,000. It is clear that an experienced and reliable management team will need to be assembled to run the complex, at least during its initial years.
- Finally at Standing Rock,\* a grant for \$163,900 has been approved to construct a water and sewage system to service Solen, a small 70-home community on the Reservation. The actual survival of the town was at stake, as were prospects of receiving Federal funds for a new school in Solen. The project was scheduled for completion in July 1971.

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\*An additional grant to help finance a community center at Standing Rock was approved subsequent to our visit to the Reservation.

- At Zuni, three projects totaling \$438,300 in grants and \$69,000 in loans permitted the development of a 20-acre industrial park with air facilities on the Reservation. The park site was completed in early 1970, and the airstrip in early 1971. The only plant in operation at the park is an electronics assembly firm which predated the park projects and does not depend on the utilities provided by the projects. A second electronics firm which was scheduled to locate at the park, with the aid of an EDA business loan, was unable to keep its commitment to locate on the Reservation. Additional prospects are under discussion, but none were definite at the time of our field visit. The most promising of these was for an air service enterprise.
- Also at Zuni, a \$254,400 grant financed construction of a "training center" on the Reservation. This facility, which serves as tribal headquarters, includes government offices, meeting rooms, a home extension and agricultural extension service, a display and salesroom for Zuni jewelry, and a commercial bank. The only jobs directly associated with the facility, and which would otherwise not have existed, total seven in number and account for \$28,500 in annual income to local residents. Rental income to the tribe accounts for an additional \$22,000 annually and increased jewelry sales are estimated at \$18,000 per year. The facility serves as the focal point for all tribal activity and is a source of considerable pride to the Zunis. Perhaps 100 tribal members have received some form of training at the facility.
- Finally at Zuni, a \$100,000 grant was approved just after our visit to the Reservation for the development of a commercial center. The present service establishments on the Reservation are entirely non-Indian owned. The new commercial center will serve as the focal point for Indian commercial entrepreneurship, and is projected to include such activities as a supermarket, motel and restaurant, beauty salon and barber shop.

## CHAPTER FIVE

### BUSINESS DEVELOPMENT LOANS

#### Summary

The use of the EDA business development loan program tool in Indian development programs of the selected reservations has, except in one or two instances, not been effective. Despite the great need for capital for Indian development, only 13 business development projects were approved for the 16 reservations evaluated. Three were cancelled or suspended. Two were finished, but have not produced any jobs and the facilities are unoccupied. Of the remaining eight, one may shortly be closing; one was used to reopen a burned-out facility which would have been reopened without the loan; one is a new store which projects but six employees; one provided additional capital for a non-Indian enterprise employing mostly non-Indians on the reservation; one was paid off when the facility was taken over by a large national corporation, one is for a tribally-owned wood products plant that was completed in 1966 before the selected reservation program was started; one is credited with helping to expand the Fairchild semiconductor plant on the Navajo Reservation; and one is incomplete.

#### Analysis

The principal reasons why the business development program tool has not been used more extensively and more effectively are two: first, it is difficult to generate viable business projects which can qualify for loans and which can provide the government with the required assurances of repayment; and second, the lengthy processing time associated with business development loans discourages prospective project applicants from attempting to secure funds from EDA. If other alternatives such as local banks, tribal funds, or SBA are at all possible, they are pursued fully before applying to EDA. While this use of alternative financing sources may be generally desirable, it has had the effect, in one or two instances, of reducing the scope of proposed projects because of the limited availability of other funds.

Thus, it can be concluded that at least on the basis of the 16 reservations evaluated, business development loans and working capital guarantees are not adequate incentives to influence the locational decisions of economic activities on Indian reservations. With some few exceptions, the reservations were geographically isolated and hence lacking in the economic advantages associated with more central locations. Their major assets were the availability of exploitable natural resources, the presence of low wages and unorganized labor, and their more ready access to complementary government assistance (such as training programs, infrastructure development, and technical - as well as financial - assistance). The availability of EDA business loans and loan guarantees, while

an additional "plus" factor in enticing firms to the reservations. was not a decisive factor to prospective firms. To illustrate this, in three of the nine cases reviewed above the availability of an approved EDA loan was not sufficient to bring prospective ventures to the Red Lake, Rosebud, and Zuni reservations. And in the project at the Blackfeet Reservation, the loan was paid off in full by the firm which assumed management of a faltering sawmill operation, suggesting that the loan was not a factor in its decision to take over the operation, although the presence of the facility was certainly a factor, and it would not have been there without the loan.

If the current advantages to firms available through the business development loan program are not adequate to attract them to the reservations, it is reasonable to ask whether EDA should consider increasing the incentives offered. For example, a 100 percent loan guarantee might be offered to help ensure private financing of ventures. Lower interest loans might be made available through EDA. Accelerated depreciation of fixed assets might be permitted as tax shelters. All these changes in current program options would certainly reduce the cost of locating and operating on reservations, and consequently would make such locations more desirable for many firms.

However, one of the difficulties with an overly permissive business loan program tool is that it attracts entrepreneurs whose business ideas are so unconventional or whose businesses are on such shaky foundations that they cannot be helped by ordinary financial institutions. Most sound small business ventures can find sources of financing. The Small Business Administration, private banking institutions, and some of the tribes themselves have funds available for supporting viable business ventures. The larger undertakings which require loans in excess of those available from the Small Business Administration with its \$350,000 ceiling, must have management teams with demonstrable skills and experience, as well as well-documented business strategies, if they are to prove successful in the long run. Such undertakings rarely require abnormal financial incentives.

One of the problems with the business loan program from the standpoint of the Indians is that most entrepreneurs look upon the availability of EDA financing as somewhat the equivalent of venture capital, since it provides relatively long-term loans which need not be repaid quickly and, therefore, do not place quite the drain on earnings of conventional loans. Since most viable enterprises can get conventional financing if there is sufficient equity in the business, the entrepreneurs seeking EDA loans do so almost always to make up for the shortage of equity capital available to them. Yet, although entrepreneurs look upon EDA loans in the nature of equity, the EDA loan processors continue (quite properly) to regard the requests for funds as loans, requiring somewhat the same kind of analysis and assurances of repayment as conventional loans. This makes for misunderstanding and delays. The applicant is looking for venture capital and hoping that his application will be treated as such. The EDA loan processor regards the application as a loan, perhaps somewhat riskier than conventional financing, but nevertheless a loan.

Perhaps the answer may lie in seeking to make EDA funds available as venture capital, if such can be done within the law or by amendment of the legislation. This would still require careful analysis of prospective business enterprises seeking assistance, in fact, it might require even more careful analysis to make sure that unscrupulous individuals do not attempt to take advantage of the situation. But it might also make possible more business ventures and a more straightforward approach to project analysis.

In this respect, EDA might well look into the OEO Special Impact model, where community development corporations are provided with venture capital funds which can be invested as equity (as well as by loans) after there has been a careful analysis of the proposed enterprise by competent business analysts. (The provision of substantial technical and management assistance is also a part of the OEO model.)

By making additional equity capital available, although under carefully controlled supervision and with a maximum amount of technical assistance, EDA could provide the Indian Reservations with an opportunity to put together business propositions with the kind of debt to equity ratio which might more easily attract SBA and private conventional financing. This could have the result of speeding up the processing of business development applications, as well as attracting additional outside capital into Indian business development.

### Recommendations

Ultimately, the success of the business development loan program on reservations will depend upon the increased effectiveness of the overall reservation development effort, particularly planning and technical assistance. Sound and responsive planning, coupled with timely technical assistance, adequate physical facilities, and vigorous industrial development efforts should result in greater numbers of business prospects. Business loans available through EDA might then provide the extra inducement needed to convince such prospects to locate on reservations in greater number or with more extensive operations.

In addition, increased study should be given to modifying the business development loan program so that it might be used to provide venture capital equity funds for business enterprises, particularly those which would be tribal enterprises.

1. *Greatly increased amounts of technical assistance and/or planning funds ought to be made available to help business enterprises which qualify for business development loan funds. Many of the businesses which locate on reservations need help in management and in the solution of business problems.*
2. *Consideration should be given to modification of the business development loan program, by regulation or legislation, so that funds could be made available on an equity basis for business development on Indian reservations. The*

*expenditure of such funds should be preceded by thorough business analysis and followed by extensive technical assistance.*

### Summary of Projects

- At Blackfeet, a \$146,250 business development loan was used to expand a sawmill operation on the Reservation. The firm operating the facility had a series of setbacks and subsequently sold out to US Plywood Corporation. The mill appears now to be a stable operation for the first time since its construction. US Plywood paid off all loans incurred by the former operators, including the entire EDA loan. The EDA loan thus served as an interim measure to assure the operation of the mill during a four year period between ineffective management and final take-over by a sound firm.
- At Crow, a \$352,000 loan was made in 1966 to Crow Industries, a group of non-Indians residing in Hardin (a town adjacent to the reservation), to establish a pellet feed mill. The plant operated until 1971, at which time it went bankrupt and closed down. The plant's failure was due to a combination of poor management and a poorly designed facility. While in operation the plant employed 14 workers, of which four were Crow Indians. There is a possibility of reopening the plant under new management and ownership. Two large grain producers were said to be interested in the venture.
- Also at Crow, an EDA loan in 1967 of \$715,000 permitted the establishment of a carpet mill at the industrial park also funded by EDA. The firm which operated the mill was inexperienced, and subsequently suffered several setbacks. In late 1968, about to go bankrupt, the firm contracted with an established company, Mohasco, to manage the plant over a three-year period with an option to purchase. The plant is currently operating with a work force of 80 Crow Indians and 10 non-Indians, with an annual payroll of roughly \$350,000. There are several options open to Mohasco, from closing down the operation next year to expanding it, and the future of the plant largely hinges on prevailing market conditions and outlooks in 1972.
- At Gila River, a business development loan of \$115,000 was used to finance a feedmill for the Trimble Cattle Company. The construction of the mill resulted in a total of 17 new jobs, although few are held by Indians. While the profitability of an enterprise on tribal land may have been augmented as a result of this loan, the project has not resulted in greater income or job opportunities for the tribe.
- At Mescalero, a business development loan of \$148,000, is being used to finance a facility for a tribal store. The existing store is currently housed in

inadequate and unattractive quarters, and the new store will be located on the EDA funded commercial park. Six employees with aggregate earnings of \$30,000 annually are projected.

- At Navajo, a loan of \$550,000 was utilized to finance the construction of a millwork and cut stock plant for Navajo Forest Products Industries. The project, which was completed in 1966, has resulted in the creation of 55 jobs, with a total payroll of \$81,250.
- Also at Navajo, a business development loan of \$270,300 was used to finance a commercial center in Navajo, New Mexico. The project was completed in late 1970. However, none of the space has yet been leased, and the 50 projected jobs have not materialized. Residents of the area still continue to travel 47 miles for basic goods and services.
- Also at Navajo, two loans for a total of \$678,000 were utilized for the construction of a facility on the Shiprock industrial park for the Fairchild semiconductor plant. Location in the park resulted in an expansion of the operation by creating 750 new jobs for a total of 1100. Recent cutbacks in defense spending have, however, forced the plant to decrease its staff to a total of 750 persons. The total new employment is, therefore, 400. Since credit for these new jobs is shared with two separate public works projects, only 134 have been credited to the business development loans. The current payroll at Fairchild is approximately \$4.5 million.
- Finally at Navajo, a loan of \$462,800 is being utilized to expand the existing Fairchild facility. The expansion will permit the manufacture of special dies and tools to be used in the semiconductor assembly operation, and is scheduled for completion in the spring of 1972. It is anticipated that 225 males earning an average wage of \$2.45 per hour will be employed in the new facility.
- At Red Lake, a \$184,000 business loan, coupled with \$260,000 in insurance proceeds, permitted the rebuilding of the tribal saw mill which had been destroyed by fire in 1965. The saw mill had been in operation for 40 years under the supervision of the Bureau of Indian Affairs and had largely been a profitable venture for the tribe. The EDA loan permitted rapid reconstruction of the facility, which was reopened in the fall of 1966. At present there are 49 employees at the sawmill, and an additional 30 employees working in logging crews. Most of these individuals were so employed before the 1965 fire.
- Also at Red Lake, a \$981,000 business loan and a \$720,000 working capital loan guarantee were approved in an attempt to attract a furniture manufacturer to the reservation. A technical assistance study had investigated the prospect, and an industrial park project was approved partially in anticipation of the

firm's arrival. However, amid strong local controversy concerning the suitability of the firm in question for the Reservation, the furniture manufacturer was persuaded to locate elsewhere. The business loan was suspended and the loan guarantee was subsequently cancelled.

- At Rosebud, a \$520,000 loan was approved for a new plant to house a large food production facility. The firm in question, however, underwent a corporate-wide reorganization and was subsequently taken over by new management who did not feel bound to the previous verbal agreements reached with the tribe and with EDA. Further discussions failed to result in any headway, and a new tribal chairman requested that the business loan be cancelled.
- At Zuni, a \$33,000 business development loan and a \$144,000 working capital loan guarantee were authorized to permit an electronics component firm to locate on the reservation. The firm in fact set up a small scale operation on an interim basis. However, their research and development efforts failed to produce a successful prototype of the system the Zunis were to assemble. In addition, a corporate decision was reached to abandon the firm's overall decentralization program in favor of a more consolidated operation. Therefore, plans for the Zuni plant were abandoned and the loan subsequently cancelled.

## CHAPTER SIX

### TECHNICAL ASSISTANCE PROJECTS

#### Summary

The evaluation team found little evidence that the technical assistance program tool had yet made any significant overall contribution to the 16 reservations on the original Action List. Twelve of the reservations had actually used technical assistance, and 17 approved technical assistance projects (some involving more than one contract) were evaluated. However, none of the projects were considered responsible for any job generation, and only four can be said to have had any positive results so far.

#### Analysis

While there has been considerable frustration expressed at the seeming inability of the technical assistance program to be of more substantial help to the Indian reservations, it should be kept in mind that the total cost of the 17 projects examined was only \$269,050, which is a good deal less than certain individual public works projects which have also failed to produce jobs or other positive results as yet. Any evaluation of the technical assistance program should bear in mind that its cost is relatively low, and by its very nature, it may often produce disappointing results.

A large part of the difficulty which the reservations are having with technical assistance may stem from the nature of technical assistance as perceived by EDA and the kind of technical assistance needed by the tribes. Technical assistance, as originally contemplated in the EDA legislation and as implemented to a large extent by EDA, typically consists of the identification of a problem which needs to be solved (or information which must be acquired) followed by the selection of an expert to investigate and culminating in a written report containing conclusions and recommendations. While some of this type of technical assistance might be needed by the reservations, what most tribes need even more is the type of "hand-holding" technical assistance where experts are available on a regular basis to work with the tribes' own personnel to develop institutions and projects. In this latter type of technical assistance, the result of the project should be the accomplishment of a project (or the establishment of a viable institution or process) and the transfer of skills so that similar technical assistance would not be needed in the future.

Part of the difficulty may lie in the fact that there is a middle ground of needs lying between technical assistance as traditionally conceived by EDA and planning grants. It seems implicit from the nature of the projects approved that EDA technical assistance on Indian reservations is viewed largely as the employment of an outside expert to make a

study and write a report. Planning grants are supposed to be able to make it possible for reservations to hire qualified persons to plan and administer economic development programs. In many cases, the planners are supposed to provide help and technical assistance to project personnel.

But somewhere in between planning and problem-solving technical assistance is the need for hand-holding and on-the-job training for tribal personnel involved in economic development. To the extent that the EDA technical assistance and/or planning program tools can be restructured to make this type of help available, a significant contribution would be made to economic development. Sound and capable individuals should be employed under technical assistance contracts to develop a continuing one-to-one relationship with tribal economic development personnel as they work together on viable projects, and the skills and experience of the expert are transferred to the tribe.

Another problem with technical assistance has been its fragmented nature. Technical assistance should be part of a general process of development, supporting, expanding upon, and/or clarifying critical steps within the development process. The EDA technical assistance effort on the reservations appears to have been in many cases nothing more than a disassociated service rendered to given reservations and not adequately linked to prior or subsequent development efforts. While the majority of the projects were clearly sound and reasonable steps in the development processes on the target reservations, the lack of integration with other steps in the processes has resulted in the projects not being nearly as effective and responsible to reservation needs as they might otherwise have been.

Most technical assistance has been initiated in response to specific needs or opportunities. For example, the Crows recognized that their existing water system was inadequate for future development and requested assistance in developing alternative feasible plans for expanding the system. At Red Lake, the tribally-owned cedar fence plant was experiencing financial difficulties, and management assistance was sought to reorganize the plant's operations. At San Carlos, a feasibility study was conducted to determine whether an industrial park was appropriate for the Reservation. At Zuni, to capitalize on the recognized skills of tribesmen in jewelry craftsmanship, a study was conducted of the market for handmade leather products in Zuni motifs.

In none of the above cases, nor in most of the other projects investigated, did the technical assistance request originate as a by-product of the overall reservation planning effort. The Crow project resulted from specific concern over the possible expansion of a carpet plant already on the Reservation; the Red Lake project was initiated to finance the services of an accountant to straighten out the books of a business; the San Carlos project was required in order to secure a public works grant; and the Zuni project emerged as a consequence of an individual entrepreneur's brainstorming. While it is certainly the case that valid technical assistance requests can be generated from other sources besides tribal planning efforts, the ad hoc generation of these requests will inevitably result in a large

proportion of short-fused projects with no lasting benefits to the tribes. This was at least partially borne out by the fact that so many of the projects investigated resulted in no subsequent affirmative action by the tribe based on the recommendations of the studies. Since the requests were generally not linked to any long-term development strategy, no mechanism had been established for local monitoring of the technical assistance during its delivery nor for implementing the recommended action resulting from the assistance. In those few cases where subsequent action resulted, a specific "next step" had already been decided upon in advance of the technical assistance.

The quality of the actual technical assistance studies themselves was spotty. While most produced apparently valid findings, at least four were superficial and misleading. These were the Fort Berthold clay resources study, the Rosebud forest products study, the Salt River tourist planning effort, and the Zuni leather products study. Others were clearly irresponsible to the needs of the tribes and produced no response to the recommendations suggested. Few projects provided for tribal inputs, and in many cases the final reports were either unavailable at the reservation or long since forgotten. The manager of the Navajo Forest Products Industries, for example, was not familiar with a \$70,000 technical assistance project designed to improve timber harvesting for the project.

EDA should consider making technical assistance available along the lines pioneered by OEO. That agency has had considerable experience in using technical assistance funds to provide continuing technical assistance and training to community action agencies and community development corporations, many of which have the same kinds of needs as do reservation personnel concerned with economic development. While it is recognized that EDA technical assistance funds are limited, some combination of technical assistance and planning funds might well be put together to provide at least the Action List reservations with the kind of on-the-job technical assistance required.

Moreover, additional attention should be given to the use of technical assistance and/or planning funds to help reservations capitalize on the public works and business development program tools. For example, help is needed in establishing effective reservation-specific and overall Indian promotion programs for industrial location and tourism projects. Where commercial developments are lying virtually unused, as on the Mescalero Reservation, technical assistance should be brought in to work continuously with the tribes until the projects are functioning effectively.

## Recommendations

The Indian reservations desperately need technical assistance. It is too much to expect that they can take full advantage of their opportunities for economic development without the knowledge and skills required. Thus, it is indeed unfortunate that the

technical assistance program has not been used more imaginatively and effectively on their behalf. The following recommendations are designed to provide a basis for more effective employment of technical assistance on behalf of Indian economic development:

1. *Emphasis should be placed upon the provision of qualified economic development specialists who can work along with tribal development personnel to develop specific projects or processes and who can pass their skills on while doing so.* While such technical assistance need not necessarily be on a full-time basis, provision should be made for continuity of personnel, so that the same specialist works with the same reservation over a substantial period of time.
2. *As a supplement to the current range of technical assistance projects, EDA should consider setting up a nationwide training and technical assistance effort to provide short-term, project-specific services to the reservations through the use of outside and agency specialists.* Patterned after the model currently in use by HUD and OEO, this program would provide qualified specialists on a consultant basis to help analyze potential projects, to assist in project development, to provide assistance to ongoing ventures, and to help the tribe to locate and secure other outside assistance as needed. Assignments could range from one day to several weeks in length. In those areas where several reservations have similar needs, as say in motel and tourist complex management, EDA might consider employing full-time specialists to provide needed assistance to these reservations. The availability of a nationwide pool of on-call specialists willing and able to assist the reservations with specific program needs would greatly strengthen the overall development efforts on the reservations.
3. *Technical assistance should be used more intensively and extensively to help the Indian reservations to promote their industrial parks and their tourism complexes.* Consideration should also be given to a technical assistance effort which would not only promote specific industrial park and tourism projects, but which would also promote industrial location and tourism on all the reservations. Technical assistance should be used to make sure that commercial developments are fully tenanted.
4. *More stress should be placed on involving tribal members in the design and conduct of technical assistance projects.* To encourage this participation, EDA might in fact require that a plan for tribal involvement be developed as an integral part of every application for assistance. This might simply take the form of the designation of one or more individuals who would represent the tribe during the contract period and who could devote a specific block of time to the study. The details of the relationship would be worked out with the outside expert after his designation and would require the approval of both the tribe and EDA.

5. *Steps should be taken to insure that the technical assistance projects are integrated within the overall economic development strategy for the reservations.* While it is certainly no problem to justify virtually any project as being consistent with economic development, it is important that the projects approved be timely and responsive to other reservation development activities. It might be reasonable to request the tribes to list other related activities in process as a necessary condition for approval of a project. This will help insure that the results of the technical assistance effort are promptly channeled into the general stream of ongoing development activities.
6. *All action alternatives recommended as a result of technical assistance projects should include implementation strategies to guide the reservations in their subsequent action.* It is not sufficient, for instance, to indicate that a venture is feasible at a certain size of operation. Included must also be a plan for bringing the feasible venture to realization. Alternative sources of capital, reputable suppliers, marketing strategies, technological alternatives, and other critical business information need to be provided to the tribe. Otherwise, many feasible ventures will fail because the tribes lack the necessary know-how.
7. *To insure that quality is maintained at a high level, EDA should consider installing a simple evaluation and monitoring system on a project-by-project basis.* Standardized and straightforward evaluation forms could be developed for use by the outside consultants, the tribe, and designated EDA staff at both the regional and national levels for recording their reactions to the technical assistance effort in question. Items on these forms might include a statement of the problem area, the type of assistance provided, the extent of tribal participation, the quality of the assistance and its usefulness to the tribe. To help insure that this system is not viewed as yet another bureaucratic requirement, EDA will have to stress the importance of the effort and demonstrate this by providing responsive follow-up where appropriate. Thus, for example, if a tribe reports back that it is unsatisfied with the information being generated by a consultant, EDA should promptly investigate and take remedial action.

### Summary of Projects

- At Blackfeet, a \$2,250 study was conducted to determine the feasibility of a livestock sales center for the Reservation. Two alternatives were offered in the report which followed. However, the tribe has decided to proceed with a plan for a center far larger than either alternative outlined.
- At Crow, a \$2,500 study was conducted to determine the feasibility of a meat packing facility on the Reservation. The study determined that such a venture was economically justified. However, no outside firm has yet been enticed to develop such a facility on the Reservation.

- Also at Crow, a \$2,500 study was conducted to consider alternative plans for expanding the Reservation water system. Four plans of different magnitude were developed. No affirmative action has yet been taken on any of the plans.
- At Fort Berthold, a \$2,500 study was conducted of the clay resources on the Reservation. The resultant report included poorly documented statistics and factual errors, and generally lacked business feasibility indices. The tribe was clearly unhappy with the results, as it offered no guidance to them in establishing a viable clay-oriented enterprise.
- At Gila River, a \$28,000 study was undertaken to determine general development guidelines and specific development projects for the four Interstate 10 interchanges on the Reservation. The report, completed in 1971, has not yet been acted upon, although the tribe is currently considering the most appropriate development projects.
- At Mescalero, three small engineering studies at a combined cost of \$19,000 were conducted to determine the feasibility of three small dams. These dams provide lakes for fishing and also serve as watering facilities for game and cattle. While no direct job impact is attributable to the dams, they do enhance the general usability of the Reservation for recreational purposes.
- At Navajo, a \$70,000 study was undertaken to determine the extent of tribal timber resources as the basis for reviewing the harvesting projections and Navajo Forest Products Industries. Completed in 1969, the project has not resulted in any increases in jobs or income. The manager of Navajo Forest Products Industries was not familiar with the project.
- At Pine Ridge, a \$10,000 study investigated the feasibility of establishing a motel complex at Pine Ridge Village. Although the study determined that such a venture was economically justified, no affirmative action has yet been taken to see that such a facility is developed.
- Also at Pine Ridge, a \$2,500 study was recently undertaken to inventory the Reservation's timber resources. The project has not yet been completed.
- At Red Lake, a \$3,000 study investigated the financial position of a furniture manufacturer who was interested in establishing a branch plant on the Reservation. The study was not altogether favorable, but a subsequent decision was reached to proceed with a business loan for the firm in question. There was much controversy on the Reservation over the proposed venture, and the firm consequently backed out.

- Also at Red Lake, two consecutive \$2,500 contracts approved at the regional level permitted a local accountant to perform management services in connection with a tribal-owned cedar fence plant. The accountant, with the backing of the tribe, reorganized the plant and its operations, and turned a net loss operation around by producing a short-term profit. He also helped the tribe to secure bank loans for needed improvements at the plant. No new jobs were created or saved, as the tribe was committed to maintaining the plant's operations, even at a loss. However, sound management skills were transferred to tribal members as a result of the effort.
- Also at Red Lake, a \$25,000 study was recently completed to establish the feasibility of some additional forest-based activities. The final report was just recently submitted, and no economic benefits have yet accrued to the tribe.
- At Rosebud, a \$33,000 study was conducted to investigate the feasibility of forest-related product development. The study was indecisive and contained several inconsistencies. The tribe did not feel that the report had provided any information which was useful to them.
- At Salt River, \$22,300 was expended on the development of a tourism development plan. The plan was developed concurrently with, but independent of, a much more extensive HUD-funded effort aimed at preparing an overall Reservation plan. Consequently, the work on the overall plan preempted and circumvented the tourist development effort. The tribe did not cooperate with the EDA-funded consultant, and the contract was ultimately cancelled in mid-performance.
- At San Carlos, a \$29,000 study was conducted to determine the feasibility of an industrial park for the Reservation and to identify potential industries for the park. The park was subsequently developed with the aid of an EDA public works grant. It remains empty to date, although a first tenant has recently signed a lease to locate at the park in the near future.
- Also at San Carlos, a \$10,000 study was approved by the Office of Business Development of EDA to help locate a firm or firms for the industrial park above. No firm has materialized to date as a result of this effort.
- At Zuni, a \$2,500 study approved at the regional level investigated the feasibility of various leather products activities. The resultant report was based upon questionable assumptions, poorly conceived, and contained no recommendations on which to base subsequent action. The tribe itself contributed an additional \$5,500 to this project, and the tribal leaders were obviously disappointed with the product received.

## CHAPTER SEVEN

### PLANNING ASSISTANCE

#### Summary

Of the 16 reservations on the original Action List, 15 had received some kind of assistance in planning. Planning assistance was most successful where the funds received were used to hire capable individuals who were able to get things done, largely by preparing or helping others to prepare applications for Federal grants and loans. Relatively little actual planning has taken place in the conventional sense as a result of these grants.

Eight of the reservations received planning assistance under some sort of joint planning grant with other reservations, but these joint arrangements were not considered successful, and most of them have been administered as separate planning efforts in fact.

It is difficult to provide a precise figure for the total cost of planning assistance provided to the 15 reservations, since so many are funded under a joint arrangement involving other reservations not on the Action List. However, excluding the funds allocated to the Indian Development District of Arizona (IDDA) for Arizona reservations, approximately \$900,960 in planning grants have gone to the other 12 reservations since 1967.

The one reservation which had not received EDA planning assistance, Annette Island, had an OEO-funded development planner.

#### Analysis

Planning grants have largely been awarded by EDA to the various tribes and joint arrangements, not to accomplish a specific piece of planning (as in the case of the HUD 701 program) but rather to enable the tribes to employ persons who might work at economic development on a full-time paid basis. The individuals who have been so employed have emphasized different aspects of their jobs in accordance with their own capabilities and the needs of the reservation. For example, on five of the reservations the predominant activity has been grantmanship, helping to prepare applications for loans and grants. These five are Blackfeet, Crow, Fort Berthold, Mescalero, and Rosebud. On only three of the reservations (Pine Ridge, Standing Rock and Zuni) was there any major emphasis on the preparation of overall development plan and strategy. At Crow Creek and San Carlos, the planners seemed to be largely preoccupied with managing projects. At Gila River, emphasis was on grantmanship and managing projects.

The Navajo planners emphasized industrial promotion. At Salt River, there was no identifiable emphasis, and at Lower Brule and Red Lake, the planning grants had been discontinued.

The results of the planning grant program have thus been somewhat spotty. At their best, planning grants have permitted the tribes to employ capable individuals on a full-time basis to plan and implement development programs. At their worst, planning grants have been little more than a device for permitting the tribal establishment to establish additional patronage jobs.

This experience on the reservation is to some extent parallel to planning activities in the United States in general. The planning profession in this country is marked by much diversity in emphasis, philosophy, and role vis-a-vis government bodies. The quality of planners is very mixed, ranging from highly effective professionals, who act as major advisors to the chief administrators, to noninfluential government employees who spend the bulk of their effort compiling routine data and/or administering and updating local land use regulations. There is no coherent operational theory of planning and no set of formal or informal guidelines for unifying and directing the profession.

While the planning on reservations is thus in many ways similar in quality and scope to that found off the reservations, the lack of evenness and consistent high quality has particularly acute consequences in the case of the reservations. Indian communities are, with few exceptions, relatively small and shielded from the mainstream of American life. Their economies are accordingly limited in both scale and scope. Their social/cultural life is typically based upon a blend of traditional Indian values mixed with attitudes and aspirations imported from the dominant outside white culture via schools, media, and other contacts. Both economic and social/cultural structures are in precarious states of equilibrium, and can be easily jolted by a relatively small number of new inputs. A new plant can totally reorient the economy, and affect general life styles to a marked degree. A sudden inflow of tourists can play havoc with community life patterns and attitudes. Unless planning on the reservations is maintained at a uniformly high level, some reservations are likely to be both unprepared for the impact created by seemingly straightforward projects and subjected to a series of economic and social/cultural changes which were unanticipated and undesired.

Furthermore, most reservations must base their economic development on a single, or at most a few, natural resources. Possibilities for diversification are limited, and mistakes are hence exceedingly costly. The reservation economies are highly sensitive to shifts in the general national economy and lacking dominance, the reservation economies are largely powerless to control market forces. Further compounding the situation, the Indian communities lack the high degree of mobility and transiency now characteristic of the general American society. Thus, while whites are more willing and able to leave areas with sudden or prolonged high unemployment to seek jobs and opportunities in the growing economic areas, the Indians are more bound to their homelands. Their living

standards and employment opportunities rest largely on what can be generated on or near the reservations. For these reasons, resource planning on the reservations must be performed with great care and with a range of technical skills which are unfortunately absent on most of the reservations.

Resource planning, however, is not the only need of the reservations. The tribes do need help in planning and carrying out specific projects. They do need individuals who can conceptualize projects, who can put applications together, and who can work with project-approving authorities to adjust project requirements to program guidelines. The tribes also need help in carrying out industrial development promotion and tourism promotion; and they need assistance in managing commercial and industrial development projects. How can all these functions be carried out?

First, it is important that some clear allocation of technical assistance and/or planning funds be set aside for the Indian reservations which are to be assisted. Secondly, a decision should be made as to how these might be divided. A simple formula might be to use planning funds for the employment of individuals on a full-time basis by the reservations, while technical assistance funds are used to employ outside specialists on an intermittent basis.

Third, it is important to prepare a plan for using these planning and technical assistance funds. Personnel on the Indian Desk at EDA regional offices should work with the tribes in preparing these plans, taking into account the availability of other funds from such sources as BIA, OEO and HUD and the functions which are required. For example, Zuni does not need additional help in preparing development plans, but may well require a full-time person in industrial development. Blackfeet, Crow and Standing Rock, to name three, may well need tourism promotion specialists on a full-time basis. Navajo may well need a commercial development specialist on a full-time basis over the next several years. Red Lake and Lower Brule need assistance in resource planning and project development.

Planning grants should not be awarded solely for the employment of personnel. There should be a clear program of work which must be accomplished. The work program should be related to the needs of the tribe, the availability of technical assistance to accomplish portions of the work, and the availability of funds from other agencies.

When resource planning is undertaken, the planning program should be reformulated on the basis of the so-called "sectoral planning approach." Under this approach, each reservation would be analyzed for planning purposes according to specific sectors of concern. These might be resource-specific (such as a "timber and forest-related sector" or a "water resource sector"), employment-specific (such as a "tourist sector" or a "local government sector"), or community amenity-specific (such as a "housing sector" or a "recreation and culture sector"). Within each sector, specific goals would be set, based on existing or projected resources and constraints, for the next six months, one year, two

years, five years, and for long-term development. Projects would then be formulated for achieving these goals, with alternatives provided to account for contingencies which might arise (such as, say, the unavailability of anticipated Federal funds for a given project). The various "sector plans" would finally be consolidated, adjusted and refined to become the "overall reservation development plan."

By placing major emphasis on individual sectors, as opposed to broader community objectives such as "more employment opportunities" or "better community services," it is much easier to isolate and pinpoint promising directions to pursue and to identify technical areas where expert advice is required. By formulating both short-range and longer-term projects, the entire planning process will assume an "action-orientation," as the phased projects are implemented and achieved in a regulated tempo. The "sectoral planning approach" would thus provide a *structure* for reservation planning which is largely lacking at present. It would further facilitate the delineation of common problem areas among the various reservations where a specific technical skill or set of related skills is required, and hence provide a sounder basis than in the past for supplying timely and effective technical assistance to the reservations.

Given the importance of sound and responsive reservation planning, it is essential that the right planner or planning staff be entrusted with the task. Ideally, the staff should consist of professionally-trained tribal members. Lacking this combination, it is probably most important that the staff -- and the chief planner in particular -- be a tribal member who is sensitive to the values and conflicting demands of the tribe and who is respected by the tribal leadership. Where professional planning experience is missing, mechanisms should be provided for intensive on-the-job training using technical assistance. In addition, an extensive pool of technical specialists should be available through the technical assistance program to help in the planning effort when called upon by the planner and/or the tribal leadership.

The use of joint planning efforts at the multi-reservation level as a replacement for individual reservation planning should be abandoned. District and statewide organizations can provide useful supplementary roles in promoting development which is responsive to the reservation planning strategies and in coordinating and monitoring outside technical assistance efforts. But funds and other assistance for planning functions per se should be directed to the reservations themselves.

The Indian Development District of Arizona (IDDA) serves to illustrate both the advantages and shortcomings of planning activities beyond the reservation level. IDDA was conceived of as an organization which could generate and channel outside resources to the reservations in Arizona, as well as serving as a highly visible and integrative mechanism for reservation development. It provides expertise and assistance to the smaller reservations, while allowing them to maintain a degree of autonomy. IDDA has never undertaken "centralized planning" activities, choosing instead to fund individual planners on the various reservations. As a consequence (as can be seen by comparing the results at

Salt River and San Carlos) the quality of planning at the reservation level has been varied and not properly monitored and enriched. Useful statewide projects such as a halfway house for young Indians, an alcoholics rehabilitation project, manpower training efforts, and a small business development program have been developed by IDDA. The Indian people have a greater voice in Arizona political affairs as a consequence of its efforts. Yet, the organization has not effectively assembled and consolidated the experiences of the various reservations so that a common pool of information and insights for guiding future action will result. The funds made available to the individual reservations are too scant to permit any really effective planning process to emerge.\*

The assessments of the two district planning grants (Big Horn Economic Development Corporation and the United Tribes of North Dakota Development Corporation) further substantiated that there is no suitable substitute for sound reservation-specific planning. These district programs, as currently constituted, serve as little more than intermediate funding sources for reservation planning activities. By redefining their role to place major emphasis on supplemental assistance, rather than as coordinators of reservation planning activities, these district organizations would likely be more useful to the reservations.

### Recommendations

The planning grant program has the potential for being one of the most effective ways by which EDA can help Indians in their development efforts. Enough experience has been gained in the use of planning funds to determine that where used properly, remarkable results have been achieved. On the other hand, many opportunities are being missed through ineffective utilization of planning funds. The following recommendations are offered to help in using this program tool more effectively.

1. *More planning grant funds should be made available* There is considerable need for more planning work to be done on many of the reservations and more capable full-time personnel are needed.
2. *More pre-planning should be accomplished before planning grants are approved* A clear understanding needs to be reached between EDA and the tribes on what the planning grants are to be used for. A specific work program should be established each year in advance of the approval of each planning grant. Considerations should be given to other related program funds from OEO, HUD and BIA.

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\* Given the scarcity of Federal funds for planning, IDDA may in fact be the most economical way of serving the 14 reservations. Yet it nevertheless illustrates the limited results which can be hoped for without concentrated reservation-specific planning.

3. *There should be much closer coordination between technical assistance and planning. Technical assistance should be used to help train and assist planners.* In general, planning funds should be used to hire full-time personnel on the reservations. Technical assistance funds should be used to hire outside specialists. The two should be planned for and utilized together to get the maximum effect.
4. *Much more agency and outside help should be enlisted in changing the planning approach to a more structured, sectoral approach to planning and development.* The advantages and obstacles to sectoral planning should be discussed at length at all operating levels of EDA. Procedures for explaining the approach to reservation leaders should be developed and operationalized. Ongoing assistance should be made available to the reservations in applying the approach to their specific planning needs.
5. *Emphasis should be placed on the recruitment and training of local tribal members for EDA-funded planning staffs.* The use of nontribal members as planners in the early stages of the planning cycle should not be discouraged, so long as they are clearly qualified and have the support of tribal leaders. However, every effort should be made to encourage these planners to train their replacements from among the tribe. Additional training materials and work shops should be arranged by EDA to supplement the on-the-job experience of the tribal planners and planning trainees.
6. *A pool of technical experts should be assembled by EDA to assist the reservations in their planning efforts on an on-call basis.* These experts would range from resource-specific experts (such as forest and water resource specialists) to qualified generalists (such as experienced development planners). This pool of specialists could either be assembled and managed directly by EDA – at the national or regional level – or by an outside consultant firm on a contractual basis (as is done by HUD and OEO).
7. *The use of district and statewide planning grants as a substitute for individual reservation grants should be discontinued.* There may be a useful role for such grants, but not as a substitute for reservation-specific planning grants. Where budgetary constraints limit the size and number of reservation planning grants, the district grants may in fact be the most effective way of assisting the neglected reservations. However, the best function for such grants should be to provide technical support for reservation-funded planners rather than to attempt district-wide coordination and cooperation.

## Summary of EDA Assistance

- At Blackfeet, a continuous planning grant has been awarded to the reservation since 1967, and aggregately totals \$168,305. The last annual grant was for \$39,350, being matched by tribal cash and in-kind contributions totaling an additional \$21,090. Of interest, the EDA annual grant to the tribe has decreased slightly each of the four years while the reservation cash and in-kind contribution has increased correspondingly, indicating a willingness of the tribe to assume an increasing share of its planning costs. Two professionals, both Indian and one a tribal member, plus a secretary, are maintained by the grant. The staff has a close working relationship with tribal leaders and with the BIA, as well as the non-white community at Browning. Relationships between the planning program and the OEO-funded CAP program are, however, strained, as a result of somewhat conflicting philosophies and personality differences.

Among program accomplishments have been the securing of several grants and loans from EDA under the various program tools, assistance in the preparation of a reservation comprehensive plan being funded by HUD, provision of financial counseling and assistance to individuals and groups on the reservation which has led to over 20 loan applications to SBA with 10 approvals to date,\* and industrial promotion with some modest success thus far.

- At Crow, planning efforts have been funded continually by EDA since 1968 under a district planning grant. The planning district, called the Big Horn Economic Development Corporation and including the Crow and Northern Cheyenne reservations and the adjoining Big Horn County, has thus far received \$172,512 from EDA in grants and added local cash and in-kind contributions of \$11,375 and \$62,583 respectively. The most recent annual grant was for \$45,168. The district staff includes an executive director, a development specialist for each reservation, and a secretary. The Crow development specialist is a tribal member who has held her position since the outset of the program. The two men who have served as executive director are both of Crow ancestry. Historically, the Crow and Northern Cheyenne Indians have not gotten along together, and both tribes have long standing resentment for the white community in Big Horn County. The Crows are a progressive tribe, while the Northern Cheyenne are more traditional. Accordingly, the extent of coordination and cooperative activity among the three participating groups is limited, although the Corporation has served as a focal point for some communication.

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\*Approved loans have included \$150,000 for a local motel (20 employees), \$165,000 to a firm located at the industrial park (15 employees), and \$80,000 to a prospective firm for the park (20 employees). Among other local ventures receiving funds are a laundromat, a bar/cafe, and a car wash.

The actual contribution to the Crow Reservation to date from the district planning efforts is difficult to isolate. The Crow leadership is energetic and assumes many of the responsibilities which might otherwise be performed by the planning staff. Industrial promotion, for example, is carried out by the Crow Industrial Development Commission almost totally exclusive of the Big Horn Economic Development Corporation. The staff has supplied some assistance in securing a few of the 10 projects funded on the Reservation by EDA. They have also actively worked to secure SBA loans for local entrepreneurs.

- At Crow Creek, a joint planning grant with the Lower Brule Reservation was funded for two years at a total cost of \$67,380. In 1971, a grant was provided specifically for the Crow Creek Reservation at a cost of \$23,000. The planner for all three projects is in close contact with the chairman, although he has not won the confidence or support of the tribe. His primary contribution has been to serve as a business manager of the tourism complex, although he has also prepared one EDA public works application that was recently funded.
- At Fort Berthold, planning efforts have been funded continually since 1968 through a district planning grant to the United Tribes of North Dakota Development Corporation. In addition to the Fort Berthold Reservation, assistance is provided to the Devils Lake Sioux tribe, to the Turtle Mountain Chippewa tribe, and to the Standing Rock Reservation. Under the planning grants, which have totaled almost \$250,000 to date, funds are provided for an executive director, an administrative assistant, and economic development specialists for each of the tribes. To date, reservation-specific planning and development activities have far overshadowed any attempts at coordinated programs, and tribal rivalry is still prevalent.

The development specialist at Fort Berthold has held the position since 1968. He is an industrial and tourism specialist with business and banking experience. In the absence of strong tribal leadership, he has assumed many of the development functions in the interest of expediency. His major accomplishment thus far has been in putting together the Four Bears tourist complex, being funded largely by EDA. He has also helped the tribe secure additional EDA projects, has acted as temporary director of the CAP and has been involved in numerous community projects.

- At Gila River, the Reservation receives planning assistance through the EDA-funded statewide planning grant to the Indian Development District of Arizona (IDDA). Since February 1968 the grant has provided the tribe with an economic development specialist to assist in development promotion.

The planner currently assigned by IDDA to Gila River is a graduate in economics from the University of Arizona, with extensive business experience. He is also the director of IDDA's South Central Planning Area, which is responsible for five reservations, including Gila River. His principal function is viewed as the creation and expediting of economic development and projects, the preparation and follow-through of the EDA application process. He serves on several of the corporations established by the tribe to administer various EDA-financed projects.

- At Lower Brule, a joint planning grant with the Crow Creek Reservation was funded for two years at a total cost of \$67,380. No impact can be attributed to the project, although the tribal leadership now recognizes the need for an economic planning capability. It has, therefore, prepared an application to EDA for a planning grant, which it hopes will allow the selection of a capable individual who can assist in various industrial, commercial and tourism planning efforts.
- At Mescalero, a planning grant in the amount of \$27,000 was recently awarded to the tribe. The in-kind tribal contribution was for \$9,000. The planner has been in the employ of the tribe for eight years, where he has served more or less in the same capacity. He is well-qualified for his position, and seems to sincerely identify with the tribe, its goals and programs. The grant seems mainly aimed at offering further financial assistance to a highly-developed ongoing planning program. Because the project was so recently funded, it is impossible to analyze its effect on the Reservation.
- At Navajo, two planning grants in the amounts of \$70,000 each have been awarded to the tribe since 1969. These grants have been matched by tribal contributions of \$47,609 for each grant. The most recent grant, awarded in 1971, supports three Anglo professionals and a secretary. Although there is close contact between the planning director and the chairman, there has been little contact between the staff and the Utility Authority, the major applicant for EDA projects on the Reservation. No jobs or income have as yet resulted from the activities of the staff, and little effort has been made to prepare funding applications to EDA. Although efforts have been made by the staff to attract industries to the Reservation, there have been no positive results from these efforts thus far.
- At Pine Ridge, a continuous planning grant has been awarded to the Reservation since 1969, and aggregately totals \$117,180. The last annual grant was for \$38,630, being matched by tribal cash and in-kind contributions totaling \$16,050. Three professionals, although only one Indian, are maintained by the grant. The staff has a close working relationship with the tribe, the BIA and the local CAP program, as well as with local white communities in the area

The staff has concentrated on the development of a sound Reservation-wide planning process with some success. Other efforts have revolved around tourism and industrial planning, although none of these projects have yet reached fruition. While no jobs have been produced on the Reservation that can be related to the EDA-funded planning effort, the current staff has had a substantial positive impact on the Pine Ridge development potential.

- At Red Lake, a single planning grant was funded in 1968, but cancelled after nine months as a result of conflicts between the tribal leadership and the EDA-funded planner. The grant, approved for \$35,900 although only \$20,000 was actually expended, permitted the hiring of a young tribal member as senior planner who had some training in law school but no planning or economic development experience. Basic differences in the perception of his role in determining tribal policies led to open conflict between the planner and the Tribal Chairman, and the Tribal Council ultimately requested that the grant be discontinued. During the nine month period in which the program was funded, the only successful activity was the securing of an SBA loan for a local laundromat. Other development activities did not reach fruition.
- At Roscbud, the planning program has been funded continually by EDA since 1968. A total of \$131,636 has been granted to the tribe for planning purposes, with the most recent annual grant being for \$40,100. Much of the development achieved at the Reservation during the past three years is at least partially attributable to the activities of the EDA-funded planning staff. Their major tangible impact has been in the general area of community development in the form of new housing, building, and other physical improvement. Their efforts in industrial promotion and job development have largely gone unrewarded. The planning grant has provided funds for a staff of four. The original non-Indian planning director resigned under pressure in late 1969, after several of his promising projects failed to reach fruition. A suitable replacement has not yet been found, and the planning process was in a state of suspension at the time of our field visit in March 1971.
- At Salt River, the Reservation is receiving planning assistance through the EDA-funded statewide planning grant to the Indian Development District of Arizona (IDDA). The organization was established in late 1967 as a State-chartered, non-profit corporation and represents 17 Indian reservations within the State. IDDA is viewed by its staff as a catalytic organization attempting to promote Indian economic development, to counsel particular reservations, and to provide a forum within which reservation leaders can meet to discuss common problems. Rather than conducting centralized planning for all the reservations, each larger reservation is assigned a full-time planner to work with the tribe, while the smaller reservations in designated districts share a planner or planning team.

The planner currently assigned by IDDA to Salt River is a "semi-retired" white former business executive, who appears to treat his job as a hobby rather than as a serious, full-time profession. He has consequently not gained either the support or trust of the tribe, and his efforts have resulted in little noticeable change on the Reservation. The major planning which has been done on the Reservation in recent years was performed by an outside consulting firm utilizing a HUD planning grant. This latter study dealt with industrial possibilities and public facility needs, as part of their overall comprehensive plan.

- At San Carlos, a full-time planner is also being funded by the grant to IDDA. He is a well-educated, tribal member who keeps abreast of all developments on the Reservation. He is a friend of the Tribal Chairman and works closely with him. In addition, the planner serves as chairman of the local industrial development corporation. As was the case at Salt River, major planning documentation and related policy formulation is occurring with the assistance of an outside consulting firm under a HUD planning grant.
- At Standing Rock, planning efforts have been funded since 1969 through a district planning grant to the United Tribes of North Dakota Development Corporation (see the discussion of Fort Berthold above). Two development specialists are assigned to the Reservation under the premise that one would concentrate on the North Dakota section of the Reservation and the second on the South Dakota section. In fact, the specialists have operated as a team and treated the entire Reservation as a single planning entity. Both specialists are tribal members with training in planning, and both have close working relationships with the tribal leadership. Emphasis to date has been on the generation of a workable planning strategy covering physical, social, and economic aspects of Reservation development, and few project-specific activities have as yet reached fruition.
- At Zuni, the Reservation has recently received its first EDA-funded planning grant. These funds, totaling \$26,021, are covering the salaries of an economic development director and an economic development planner. The former is a non-Indian who has been working with the tribe since 1968, and has a close professional relationship with the Tribal Governor and the Council. The latter is a Zuni who has recently completed his university education and is well thought of among the tribe. The Zunis have an impressive planning program which began in 1965 and which has culminated in the preparation of a five-year action program for Reservation development. These planning efforts were formerly funded by the BIA and by OEO.

## CHAPTER EIGHT

### OVERALL PROGRAM ANALYSIS

#### Summary

Overall, EDA approved a total of 110 projects (including three business development loans later cancelled) for the 16 Indian Reservations on the Action List. The total amount of EDA funds approved for these projects approximated \$44 million, of which about \$34 million was in grants and \$10 million in loans.

The total number of new or saved jobs associated with these projects was 2,305. An additional 1,800 jobs are projected for projects which have not yet been completed or reached their full stage. In addition, the evaluation team adjudged that the program had significantly improved the potential for economic development on most of the reservations.

The EDA program is well-regarded by most of the Indian leaders on the 16 Action List reservations visited. The principal complaints stem from what Indians consider to be an overly-long time to process projects, and confusing information from various program sources.

By far the bulk of the EDA funds went for public works programs, mostly to provide support for industrial development, but also for tourism complexes and community service facilities. Neither the business development loan program nor the technical assistance program has been significant. The planning assistance grant program has shown promise, but needs expansion and improvement.

The overall results of the program on individual reservations varied. On four (Annette Island, Gila River, Mescalero and Navajo) the EDA program has been of substantial help either in producing new jobs and/or improving the development potential. On five of the reservations (Blackfeet, Crow, Pine Ridge, San Carlos and Zuni) EDA has provided considerable help, although it is still too early to assess the results definitely. On the remaining seven reservations, results have been marginal.

Continuity of tribal government, ability of tribal development specialists, location near markets, and/or availability of resources, were most closely associated with development progress. Conversely, lack of resources, isolation, frequent changes in tribal government, and inadequate personnel were most closely associated with lack of development progress.

## Analysis

As indicated in earlier chapters, the problems associated with helping to improve the economies of Indian reservations are formidable. Where tribes have access to valuable natural resources which can be effectively exploited and where they have access to markets for their products or services, it is reasonable to expect that economic development may be successful. But there are many reservations where these conditions do not exist, and it may be necessary for the Indians on those reservations to receive continuing outside assistance to reach an acceptable standard of living.

From the standpoint of its impact on current jobs and income, the Selected Indian Reservation Program can only be said to have had a substantial impact on the Gila River and Mescalero Reservations, both of which have had the good fortune of being favorably located, having stable governments, and effective development leadership. The program has also had a substantial impact in producing jobs at Annette Island, and the Navajo Reservation, but the problems there are more difficult. Annette Island is quite remote from markets, while the sprawling Navajo Reservation with its relatively large population needs much more economic development than do the others for an impact to be significant in alleviating unemployment and poverty on the reservation. Nevertheless, if one considers both actual impact and potential impact, EDA can be said to have contributed substantially to these four reservations.

While these reservations accounted for a good deal of the success of the EDA program, there were a number of reservations, seven in all, where the effects of EDA have been felt only marginally.\* In most cases, the program has experienced considerable difficulties on these reservations stemming from difficult locations, turmoil in tribal government, and poor selection of personnel. In between the four most successful programs and the seven least successful there were five Reservations (Blackfeet, Crow, Pine Ridge, San Carlos and Zuni) where the program had had impact but it is still too early to provide a definitive assessment.

In some respects, EDA itself can do more to help make the program more effective. While the concept of an Indian Desk to serve as an advocate and coordinator of Indian applications in headquarters and at the regional offices has proved to be effective in practice, it was more effective at headquarters than at the regional level. In many cases, regional personnel paid little heed to the fact of a Selected Indian Reservation Program and reported that they gave no priority to applications from reservations on the Action List.

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\*Those were Crow Creek, Fort Berthold, Lower Brule, Red Lake, Rosebud, Salt River and Standing Rock

The recent decision to provide regional administration for most Indian reservations from the new Denver region seems to be particularly wise. This newly-established region encompasses many Indian reservations in its regular territory, and giving it special powers to administer Indian programs outside the region makes good sense, particularly since the deputy regional director had had successful experience in Indian development programs on a reservation and at headquarters.

While the Indian Desk concept is in theory supposed to be able to bring together the separate EDA program tools so that they can be focused in a coordinated effort on individual reservation problems, this has not worked in practice, except in isolated situations. The fragmentation of the EDA program into separate program tools, each administered by a separate hierarchy of officials, has not served the Indian program well.

Indian reservation projects, precisely because of the difficulties of the problem and the inexperience of the tribes, need to be planned and implemented in totality. The funding of an industrial park, a tourism complex or a commercial center should go along with funding for the necessary technical and management assistance required to make such projects successful. Planning and technical assistance particularly need to be planned for and arranged in a coordinated fashion. It would be useful in connection with every project which depends on other actions for success, to develop a plan for making sure such actions take place.

It is recognized that these additional requirements may well lengthen the time it takes to process projects. It would be unfortunate if this were to happen. Several tribal leaders, as well as EDA staff at both the regional and national level, indicated that the present delivery system is unwieldy. Processing of Indian project applications currently involves interaction and communication between tribal leaders and planners, state-level EDA economic development representatives, project processors in the regional offices, the Indian Officers at the regional level, the Indian Desk at the national level, and the various project processors at the national office. The Indians complain of overly long and complicated forms to fill out, seemingly interminable delays before projects are approved, and inexplicable requests for additional information.

It is clear that, given the requirements of the law and the necessity of avoiding fraud, much of what the applicant considers to be unnecessary is actually needed. EDA authorities are aware of complaints about the approval process and have for a considerable period of time been taking steps to improve it. However, it is not easy. The law is complicated. The distances between legal reviewers in Washington and tribal planners on the reservation are very great both geographically and functionally. There are bound to be difficulties.

Yet, the economic development process depends on enthusiastic local initiative. For economic development to be effective, there must be someone on the reservation who is enthusiastic about the potential, willing to commit himself to the effort. Nothing is more

harmful to the encouragement and preservation of this type of local initiative than early long delays in processing projects. Changes are needed to simplify the lines of communication between the tribes and those who have authority to approve projects, and to speed up and simplify the process by which projects are approved. Hopefully, the new regional office at Denver will be a step in the right direction.

The unique nature of economic development on Indian Reservations and the special problems associated with tribal interaction with Federal agencies indicate a continuance of a special Indian Desk within EDA to concentrate on smoothing the way and advocating priorities for Indian applications. Indeed, it would be highly useful if a way could be found within the organizational and financial structure of EDA to provide the Indian Desk with a specific allocation of funds so that it might have more financial leverage in dealing with other organizational units within EDA. However, there are inherent difficulties in carrying out such a procedure, and it probably is not absolutely necessary given a continuance of the present high-level support which the Indian program is already receiving from agency officials.

Consideration should also be given to providing funds for the Indian Desk to undertake nation-wide promotional programs for Indian development, particularly with regard to industrial development and tourism promotion. While these efforts would not be a substitute for technical assistance and planning grants to the individual reservations for such purposes, they could be helpful in making the individual efforts more effective.

### Recommendations

Most of the recommendations arising out of this evaluation are encompassed under the recommendations for specific program tools. However, the following recommendation apply to the overall program:

1. *The concept of an Indian Desk should be continued and strengthened.* It is absolutely necessary for Indian reservations to have someone at headquarters and at the regions to help them communicate with program officials, to help coordinate program applications, and to plead on their behalf for program funds.
2. *Consideration should be given to providing the Indian Desk with funds for nationwide promotion of Indian industrial development and tourism.* EDA has a substantial investment in industrial parks and tourism complexes on Indian reservations. In order to realize on that investment, additional funds are needed for promotion on both a national and individual reservation basis.
3. *EDA should continue its efforts to simplify and speed up project processing.* Prompt project approvals will do much to speed up development efforts on the reservations. However, speedy processing should never be accomplished at the

expense of careful project assessment and full coordination of projects among the various program tools.

4. *More attention should be paid to using the program tools on a coordinated basis* When appropriate, technical assistance and business loans should be planned for at the same time as public works projects are approved. Management assistance should be provided for marginal business ventures.

#### Summary of EDA Activity on the Reservations\*

- At Annette Island EDA helped fund four public works projects totaling \$1,239,200 in grants and \$381,800 in loans. By so doing, EDA had made a notable contribution to the development potential of the island. The projects permitted the establishment of a timber industry at Annette Island, and extended the commercial fishing season as well as diversifying the fish catch. Economic activities attributable to these projects had resulted in employment for 89 persons, including 69 Indians. However, these jobs were in jeopardy as a consequence of problems with the timber operation, and the fishing industry was also experiencing difficulties.
- At Blackfeet, six EDA projects plus a continuing planning grant totaling \$2,263,555 in grants and \$923,250 in loans were approved. More than half of the approved funds were for an uncompleted tourism complex. The industrial park was empty, but prospects existed. Extensive street improvement had been made possible in the main town on the reservation. A business development loan, although repaid in just a few years, was instrumental in initiating a saw-mill operation on the reservation. The EDA-funded planning program staff had helped secure several SBA loans for local individuals.
- At Crow, ten separate projects had been financed by EDA. These totaled \$2,130,900 in grants and \$1,566,000 in loans. In addition, a development specialist has been provided for the reservation under a district planning grant. Job impact attributable to these projects was limited to 50 jobs, 80 to Indians, at the carpet mill, which had benefited from an EDA business loan and was located on the industrial park funded by EDA. The mill's future, however, was in doubt. Two tourism projects were expected to soon generate considerable new jobs on the reservation. A youth summer camp had also been expanded with the aid of an EDA grant.

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\* The reader should recall that some of the information below is based upon visits to the reservations in February-April 1971. Subsequent events may have changed some of these findings.

- At Crow Creek, three public works projects and a continuing planning grant totalling \$1,148,158 were approved. Three-fourths of the approved funds were for a tourism complex which opened less than one year ago and which currently employs 30 persons. The industrial park on the reservation was empty, and a water storage tank project had just been approved at the time of the site visit. The EDA-funded planning program has had little discernible impact on the planning process of the reservation.
- At Fort Berthold. EDA had approved five projects totaling \$1,369,107 in grants and \$246,420 in loans. In addition, the tribe was benefiting from the activities of a development specialist funded under a district planning grant. There had been no job impact from these expenditures, although the tourism complex was expected to be a job producer in the near future.
- At Gila River. EDA had approved ten separate projects for a total of \$4,387,000 in grants and \$798,000 in loans. Jobs deemed attributable to these projects numbered 670. The projects included three industrial parks which can be credited with 620 jobs. Projected jobs for the three parks total approximately 325. A recently completed technical assistance study dealing with tourism development projects for the four Interstate 10 interchanges on the Reservation projects 115 jobs once the developments are completed.
- At Lower Brule, EDA had approved one public works project and a joint planning grant with the Crow Creek Reservation which spanned two years. Total EDA investment on the Reservation is \$41,166. The public works grant was for a partial industrial park which is now occupied by a firm employing eight persons. This firm projects an increase of 40 persons within the next several months. The EDA-funded planning program has had little impact on the Reservation.
- At Mescalero, seven projects plus a recent planning grant had been approved for a total of \$5,542,000 in grants and \$148,000 in loans. Approximately \$2.3 million in grants were approved for a tourism complex which has not yet been completed. Projected employment at the complex is for 150 persons. A community center, funded by an EDA grant, has provided employment for 30 persons. The commercial park project, although approved in 1968, has still not been completed, and the business loan extended for the development of a tribal store as part of the complex is also still under construction.
- At Navajo. EDA has funded 14 public works undertakings, four business loans, one technical assistance study, and a continuing planning grant for a total of \$14,014,493. Of these projects, five public works projects are incomplete. Facilities on the two industrial parks employ a total of 856 persons, 406 of whom hold jobs that can be credited to EDA. Ten undertakings have been for

water and sewer systems, and these projects have produced 210 jobs to date, including 133 jobs at the Fairchild semiconductor plant which can be attributed to a water system project. Two of the three business loans have been responsible for the creation of 189 jobs, and the third was for a commercial center that is currently unoccupied. Approximately 850 jobs are projected for the reservation, almost all of which will be filled by Indians.

- At Pine Ridge, five district projects and a continuing planning grant have been funded for a total of \$431,680 in grants and \$29,000 in loans. The industrial park can be credited with the creation of 180 jobs, although there are no prospects for the park in the future. The airport has had little impact to date, and the sewage treatment plant can be credited with service impact only. The completed technical assistance study and the first two years of the planning grant have had little effect on the Reservation, although the current planning staff has made significant strides toward the development of a viable tribal planning process.
- At Red Lake, a total of \$203,339 in grants and \$221,585 in loans had been expended in six projects. A business loan was used to rebuild the tribally-owned sawmill destroyed by fire. A technical assistance grant had furnished management consultant services to the tribally-owned cedar fence plant. However, there were no prospects for the industrial park at the time of the field visit.
- At Rosebud, EDA had approved a total of \$462,879 in grants and \$77,562 in loans for seven projects and a continuing planning grant to the Reservation. All job impact to date was associated with a road improvement project to an industrial park area, which had extended the work season by two months or some 100 employees. The planning program had been in a state of suspension since the dismissal of the previous planning director over a year before. A new airstrip and an industrial site preparation had not yielded any impact thus far. A community building had housed several community service activities.
- At Salt River, three projects totaling \$255,800 in grants and \$96,500 in loans had been approved by EDA. The first tenant had just been found for the industrial park, and 20 jobs were anticipated as a result. The park project was also credited with serving as a major catalyst in changing attitudes of the tribal leadership with regard to development of the reservation. A tourism study was never completed.
- At San Carlos, a total of six projects had been funded by EDA with \$1,318,000 in grants and \$66,000 in loans. The first tenant for the industrial park anticipated that over 90 new jobs would be created in the near future. Other viable

prospects also existed. Two tourism complexes were under development, and three completed community buildings were being used extensively for indoor tribal activities.

- At Standing Rock, four public works projects totaling \$1,270,800 in grants and \$258,100 in loans had been funded. In addition, two development specialists were being provided through a district planning grant. A water and sewer facility had improved conditions in a town on the reservation, but had not attracted any new jobs. A second water and sewer project had insured the survival of another Reservation town. A large tourism complex was projected to produce several jobs in the near future.
- At Zuni, six projects plus a recent planning grant had been approved for a total of \$821,221 in grants and \$69,000 in loans. The air industrial park complex had not attracted any new firms thus far. The "training center" was serving as Tribal Headquarters and was the focal point of all reservation development activities. The recently approved commercial center was expected to result in several new tribal enterprises.