

The Lakota Fund



Project Title:	Oyate Woableza Otipi – “A Place of Understanding of the People”
Award Amount:	\$1,475,593
Type of Grant:	Social and Economic Development Strategies
Project Period:	Sept. 2005 – Sept. 2009
Grantee Type:	Native Nonprofit

PROJECT SNAPSHOT

- 28 jobs created
- 44 businesses created
- 2 Native American consultants hired
- 160 elders involved
- 1053 youth involved
- \$153,395 in revenue generated
- \$4,813,325 in resources leveraged
- 1,603 individuals trained
- 110 partnerships formed

BACKGROUND

The Lakota Fund (TLF) was one of the first tribally-based community development corporations in the nation. For nearly 20 years, TLF has promoted socio-economic sustainability and entrepreneurship at the grassroots community level on the Pine Ridge Reservation, the home of the Oglala Sioux Tribe. Though 84% of residents on the reservation are considered low-income, TLF has helped generate significant economic activity, assisting in the creation of nearly 200 small businesses.

PURPOSE AND OBJECTIVES

The purpose of the project was to build the capacity of TLF to meet the needs of the Pine Ridge entrepreneurial community and further economic development on the reservation. The project had seven objectives. The first objective was to develop and implement at least two new loan products in line with community needs. To do this, project staff reviewed existing loan products, researched loan products and markets similar to those of TLF, and interviewed successful reservation-based lenders elsewhere in the country. After considering which schemes were right for the Pine Ridge community, they created five new loan products, which were approved by TLF’s board in year one.

The second objective was to develop and implement improved TLF loan policies and procedures, so that TLF loan funds could have a more powerful, lasting community impact. Staff and the board reviewed existing policies and procedures and worked with partners to produce a 15-chapter loan policies and procedures manual. The manual provided guidance on: products; eligibility; confidentiality; portfolio diversification; composition of staff and

committee; under-writing, approval, monitoring, and closing; maintenance of loan loss reserve; portfolio management; delinquency; and write-offs.

The third objective was to develop and implement improved investment policies and procedures to enable TLF to manage and sustain loan capital. The staff and board wrote policies on capitalization, cash management, investment selection and risk management, reporting and review requirements, and conflict of interest.

The fourth objective was to provide replicable, sustainable training for the board, staff, committees, and TLF community to support these organizational improvements. In year two, staff worked with consultants and conducted ongoing in-house training on how to market new products and implement new policies. In year three, further training enhanced TLF's capability to execute, monitor, and evaluate the total loan process.

The fifth objective was to offer new loan products, and implement and evaluate loan and investment policies and procedures. In years two through four, project staff promoted new products through seminars, meetings, and workshops. Through a weekly radio show, they informed the entire reservation population about the project. Staff assessed the effectiveness of the loan products by conducting 500 surveys throughout the reservation in year two. Surveys showed clients were satisfied with the loan products, and wished for an even greater number of loans to be made. In the last two years of the project, staff increased the pace of loans, resulting in 44 business start-up loans and 29 business expansion loans over the project period.

Objective six was to facilitate access to loan products on the Internet. For this, staff acquired an online loan application form, adapted it for TLF use, and trained clients, particularly those completing TLF-affiliated

entrepreneurship courses, in how to use it to apply for a loan. In year four, 22 applications were submitted online, and 20 were funded. These 20 online approvals boosted the number of applications funded for the year to 31, a 28% increase over the previous year.

The seventh objective was to promote asset building for individuals, families, and the Oglala Nation through financial literacy training for youth. Staff offered classes in how to open a checking account, owning a business and employing people, and other topics, with 1,053 youth attending at seven separate locations. These classes proved so popular that many parents also attended.

OUTCOMES AND COMMUNITY IMPACT

The loan policies developed during the project helped TLF reduce its loan delinquency rate from 40% to 1.85%, significantly below the national rate of 8%, in just four years. New investment policies helped TLF demonstrate greater accountability and prudently manage liquid assets, attracting more funders, investors, and borrowers. These new policies enabled TLF to make an agreement with the Bureau of Indian Affairs for loan guarantees, to attract 75 new investment partners, and grant funding from government agencies and foundations worth \$4.81 million. TLF made 73 loans, including 20 online loans, during the project period, worth \$2.56 million, enabling 44 new businesses to receive start-up funding, 29 to receive expansion funding, and at least 28 new jobs to be created in the community.

The policies, procedures, products, and capacities built during the project enabled TLF to more effectively assist the Oglala Lakota entrepreneurial community in promoting its own self-sufficiency. TLF intends to use these tools to reduce poverty on the reservation, which it hopes will improve the social fabric of the community.

Pine Ridge Area Chamber of Commerce



Project Title:	Marketing Alliance Project
Award Amount:	\$373,480
Type of Grant:	Social and Economic Development Strategies
Project Period:	Sept. 2007 – Sept. 2009
Grantee Type:	Native Nonprofit

PROJECT SNAPSHOT

- 3 jobs created
- 6 Native American consultants hired
- 5 elders involved
- 300 youth involved
- \$398,154 in resources leveraged
- 31 individuals trained
- 66 partnerships formed

BACKGROUND

The Pine Ridge Area Chamber of Commerce (PRACC) is a membership nonprofit organization that fosters entrepreneurship on the Pine Ridge Indian Reservation, assisting business owners to market and grow their businesses. The reservation, home to the Oglala Sioux Tribe, has an area of over 7,000 square miles – just larger than the state of Connecticut. Most products and services used by tribal members originate off the reservation.

PURPOSE AND OBJECTIVES

The project's purpose was to encourage companies, organizations, and individuals to spend their money locally, and to encourage cooperation between businesses on the reservation. During the first year of the

project, there were two objectives. The first was to increase the earnings, measured in the dollar value of goods and services purchased, that businesses made through local sales and purchases of one another's products. Project staff conducted baseline studies on how much income businesses earned through on-reservation purchases, and surveyed chamber members on what goods and services they felt were available locally. From the survey results, additional input from business owners, chamber members, and project partners, as well as research on similar initiatives in other states, staff devised a Buy Local campaign. They developed a campaign logo, stickers, posters, brochures, and other resources for use by business owners, conducted over 30 Buy Local workshops (with 42 to 110 attendees per workshop), had information booths at various events and powwows, and provided lectures for high school students. They also conducted a public relations campaign in which one business per month was featured in a newspaper ad, press releases, a radio program, and the Chamber's web site.

The second objective was to establish and maintain a comprehensive community web portal to inform people about PRACC

member businesses and other businesses on the Pine Ridge Reservation. Before the project period began, PRACC established an important partnership with a Pine Ridge area management and direct marketing company, which agreed to give 50% of its "Lakota Mall" website, including full editorial control, over to the Chamber. After providing training on the likely marketing benefits of being listed on the site, staff began recruiting and listing local businesses, civic groups, and government organizations on the website, providing contact and product information to potential customers. With the assistance of project partners and graduate students from Colorado State University, PRACC was also able to begin pinpointing businesses using Global Positioning System (GPS) mapping, and to place each business, with a proper map location, on the website map.

The third objective was to train members and volunteers to institutionalize the "Buy Local" campaign by the end of year two. To achieve this, project staff trained 28 Chamber members, each of whom signed a memorandum of agreement, to carry on the campaign. They also held information sessions on the campaign at Chamber meetings and community events, and handed out "Buy Local" stickers and marketing materials to businesses on the reservation, which were posted at businesses throughout the reservation. Additionally, PRACC organized focus groups on the effectiveness of the Buy Local campaign, and made changes to improve the campaign based on lessons learned. Through focus groups, surveys, and discussions at PRACC meetings, the organization made efforts to study the community and the businesses there, and to understand the extent to which the project benefited the community.

The fourth objective, also in year two, was to increase the number of chamber members who created and used telecommunications

strategies to market their story. Staff continued training Chamber members on the marketing benefits of joining the portal, and also provided guidance to business owners on how to set up a website. Over two years, 364 organizations, including over 300 businesses owned by Oglala Sioux tribal members or PRACC members, joined the portal, and at least 35 set up their own websites. The project team was able to pinpoint 164 businesses using GPS, and to place them on the website map, enabling potential customers to easily find them.

OUTCOMES AND COMMUNITY IMPACT

Surveys conducted near the end of the project period showed that 71.42% of Chamber members increased their local sales during the project period, with only 14.24% having a decrease. PRACC continues to promote the "Buy Local" campaign, highlighting a new business of the month each month on the Lakota Mall website and doing newspaper ads, press releases, and radio interviews promoting the featured business and the "Buy Local" campaign.

According to Ivan Sorbel, the PRACC Director, "Businesses here are not getting rich, but they are beginning to fill gaps in the economy and workforce. Partnering has increased a lot; businesses have made great strides in supporting each other. We continue to visit one-on-one with Chamber members and other entrepreneurs, to really talk to them and promote the 'Buy Local' idea, to keep them thinking about how they can support each other, and how this helps the whole community. Though there is clearly much more that our community can do to make products available, increase business income, and create jobs, we feel that businesses on the reservation - and the families who run them - are beginning to make strides towards greater economic self-sufficiency."