

Examining the  
*Access to Capital & Credit  
 in Native Communities*  
 Report

June 16, 2016

NATIVE  
 CDFI  
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### Welcome to Our Webinar

- Keep Background Noise to a Minimum
  - Mute and unmute functions
- Interacting With Presenter
  - Chat function to comment after each chapter
  - Discussion Time Reserved at End of Webinar

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### Webinar Overview

- Introductions
- Tanya Fiddler – Examination of the *Access to Capital and Credit in Native Communities (ACC) Report* and reflections on the future of Native CDFIs
- Participant Feedback on the ACC Report after each section, discussion at end
- Wrap Up

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Meet our presenter

# INTRODUCTION

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**Tanya Fiddler**  
Executive Director, Native CDFI Network

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## History & Context

- The lack of access to capital and credit has been a significant constraint on economic development in Native Communities.
- In 2001, the CDFI Fund issued The Report of the Native American Lending Study (NALS).
- First national report to examine access to capital and financial services in Native Communities
- Identified 17 major barriers to capital access in those communities.

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## Overview of ACC Report

- While the NALS focused on status and barriers, the ACC Report focuses on change and opportunity.
- Its eight chapters address both problems and prospects, and examine what is working to improve access to capital and credit in Native Communities, as well as recommendations for what can be done to build on that success.

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## Chapter 1 – Introduction & Methods

- Native Communities have benefited from growth in various economic sectors.
- Significant drivers of recent economic change in Native Communities are self-determination and self-governance.
- But, efforts to improve socio-economic status like financial capability are still needed.

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## Chapter Two - Native CDFIs

- The development of sectoral infrastructure, increasing specialization, and the growing demand for regional and national Native CDFIs are generating valuable new opportunities.
- The main challenges include the need for stronger Native CDFI-tribal government collaboration, improved

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## Recommendations

- Tribal governments, the U.S. government, banks, other lenders, foundations, and socially responsible investors should better capitalize Native CDFIs with grants, equity, and debt instruments. Native CDFIs should design products and processes that maximize the leverage value of their resources.
- Native CDFIs and their federal partners should expand data-gathering to showcase the impact and performance of Native CDFIs.

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## Recommendations

- Native CDFIs should work to improve their relationships with tribal governments—and vice versa.
- Public and private funders should continue to support technical assistance and training, especially programing that can help Native CDFIs advance to the next level of effectiveness and success so they are more attractive investments.

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## Examples, Questions, Comments

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## Chapter Three - From Financial Education to Financial Capability

- The growing wealth in Native Communities means a shift from the need for saving to the need for saving and investment.
- Other important issues include:
  - Education regarding children’s savings accounts “18 money,” and trust funds.
  - Professional development for tribal officials.
  - The value of financial knowledge vs. the value of the ability to use that knowledge.

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## Recommendations

- Native CDFIs and partners should work together to provide opportunities for Native Community members to increase their skills.
- Financial education should begin at an early age.
- Native CDFIs and other financial education providers should increase the availability of investor education and make a case for it to their clients.

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## Examples, Questions, Comments

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## Chapter Four - Expanding Native Entrepreneurship

- As Native economies continue to expand and entrepreneurship gains traction across Native America, much more capital will be needed for Native businesses.
- Native CDFIs already report that the demand for their capital far outstrips the supply. This demand signals a real opportunity for lenders.

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## Chapter Four - Expanding Native Entrepreneurship

- Currently, entrepreneurship education is available in most Native Communities. However, new and established entrepreneurs will continue to need business and financial training.
- Native Community entrepreneurs often face physical infrastructure challenges, from limited road access to insufficient utility hook-ups to poor choices for workspace.

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## Recommendations

- Native Community governments and their nongovernmental partners should participate actively in the development of local "Entrepreneurship Development Systems."
- Providers of entrepreneurship education, lending, and business development supports should adapt to Native Community-specific entrepreneurial interests and needs.

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## Recommendations

- Providers of entrepreneurship education should expand business coaching.
- Providers of entrepreneurship education and business lending should support entrepreneurs' transition from small business to bigger business.
- Tribal governments and lenders should bolster efforts to provide capital to Native entrepreneurs for startup and expansion.

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## Examples, Questions, Comments

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## Chapter Five - Housing Finance in Native Communities

- Barriers to capital and credit access are no longer a major issue for housing development in Native Communities.
- Challenges now:
  - Indian lands held in trust cannot be used as collateral for loans.
  - Many Native borrowers have poor credit or no credit.
  - The transition to a more diverse housing market; the role of land privatization in economic development.
  - The development of new housing.

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## Recommendations

- Native housing development entities should leverage known income streams to maximize development capacity and make significant inroads on low-income housing demand.
- Native housing development and housing finance entities (including CDFIs) should look to the growing Native Community middle class as partners in housing development.

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## Recommendations

- Tribes that have not already done so should take advantage of federal provisions that streamline the home purchase process.

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## Examples, Questions, Comments

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## Chapter Six - Capital and Credit for Tribal Govts and Enterprises

- Tribes must consistently and persuasively educate lenders that an investment in Indian Country can be a good investment.
- Lenders must recognize that a variety of risk-management methods for lending to tribes and tribal enterprises exists.
- Tribes and Tribal enterprises must educate themselves about Native-specific and non-specific federal program opportunities.

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## Chapter Six - Capital and Credit for Tribal Govts and Enterprises

- Tribes also must explore ways to allocate current and potential new resources investments across capital needs to support maximum community and economic development.

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## Recommendations

- Tribes should identify the various (and creative) Community-controlled income streams available to secure loans.
- Tribal governments should look broadly across their goals and associated capital needs to assess where to best apply scarce resources.

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## Recommendations

- Tribal governments and tribal enterprises should not confine their search for funds from other governments to those programs that are explicitly identified as for tribal purposes.
- Lenders should increase their knowledge of Native Communities and strategies for lending to tribes and tribal enterprises.

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## Examples, Questions, Comments

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## Chapter Seven - Business-Related Tribal Legal Infrastructure

- The chapter highlights Native nations' limited preparedness to engage with lenders and lending institutions
- While some tribes are taking steps to strengthen their legal infrastructure in order to make their lands more attractive places for investment, much more can be done.

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## Recommendations

- Every effort must be taken by tribes to strengthen their business-related legal infrastructure.
- Nontribal providers of capital and credit should educate themselves about the business-related legal infrastructure of the tribes with whom they work.

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## Chapter Eight - Moving Forward: Report Themes and Next Steps

- Three core strategies that Native Communities can adopt to improve access to capital and credit:
  - Seek strategic partnerships that accelerate change;
  - share information about ways to increase access to capital and credit;
  - take control of projects rather than allowing outsiders to make a Native Community's investment and development decisions.

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## Discussion

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## Wrap Up

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- Next Webinar – August 18, 2016

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