

FINANCING NATIVE LEADERS For Tomorrow



NATIVE INITIATIVES STRATEGIC PLAN
FY 2009 - 2014



COMMUNITY DEVELOPMENT
FINANCIAL INSTITUTIONS FUND

United States Department of the Treasury



Message from the Director

The U.S. Department of the Treasury's Community Development Financial Institutions (CDFI) Fund is pleased to present "Financing Native Leaders for Tomorrow"—the Native Initiatives Strategic Plan for Fiscal Years 2009-2014.

The Native Initiatives are an important part of the CDFI Fund's mission to expand the capacity of financial institutions to provide credit, capital, and financial services to underserved populations and communities in the United States. Indeed, through the Native Initiatives, the CDFI Fund has demonstrated a strong commitment to generating economic opportunity in Native American, Alaska Native, and Native Hawaiian Communities—collectively referred to as Native Communities.

The purpose of the Native Initiatives is to provide a wide range of financial assistance, technical assistance, and training programs to facilitate the development of Community Development Financial Institutions (CDFIs) to serve Native Communities. I am very pleased to report that these programs are having considerable impact. Thanks to the Native Initiatives, the total number of Native CDFIs has grown from 14 in 2001 to 50 in 2008. In addition, there are now more than 60 other Native organizations on the path to becoming Certified Native CDFIs.

These Native CDFIs are helping to transform their communities. They are creating businesses and jobs in places that desperately need them. They are providing personal financial education and business training to persons who have been excluded from our nation's economic mainstream. They are helping to change the lives of the people they serve.

But even though the Native Initiatives have made great progress, serious challenges remain. This new Strategic Plan identifies the steps the CDFI Fund will take during the next five years to address those challenges and to expand upon its commitment to creating economic opportunity in Native Communities. In presenting this Plan, the CDFI Fund is mindful of the tremendous successes that the Native Initiatives have already achieved—and is determined to surpass them in the years ahead.

On behalf of everyone at the CDFI Fund, thank you for your interest in and support for the Native Initiatives.

A handwritten signature in black ink that reads "Donna Gambrell". The signature is written in a cursive, flowing style.

Donna Gambrell
Director
CDFI Fund

Executive Summary



There are approximately 2.7 million Native American, Alaska Native, and Native Hawaiian people living in the United States. Although this population is highly diverse and comprises a wide range of cultures and traditions, many Native Communities face common social and economic challenges—including high rates of unemployment, a critical lack of economic opportunity, and chronic poverty—that prevent them from entering the economic mainstream of American life.

The landmark Native American Lending Study, conducted by the Community Development Financial Institutions (CDFI) Fund from 1999 to 2000 and published in 2001, concluded that one of the most significant reasons for the lack of economic opportunity in Native American and Native Hawaiian Communities was the lack of access to capital and financial services. The CDFI Fund's Native Initiatives are designed to increase access to credit, capital, and financial services in Native Communities by creating and expanding Native Community Development Financial Institutions (CDFIs) that serve Native Communities.

The CDFI Fund's Native Initiatives consists of two main components:

- **Native American CDFI Assistance (NACA) Program**, through which the CDFI Fund provides financial assistance and technical assistance to increase the number of Native CDFIs and to expand their community development capacities; and
- **Expanding Native Opportunities (ENO) Program**, through which the CDFI Fund finances and administers a series of training programs to foster the development of Native CDFIs.

The reach and impact of these programs have been significant. Since 2002, the CDFI Fund has awarded more than 175 grants totaling \$31 million to Native CDFIs serving almost 100 Native Communities. As a result, in December 2008 there were 50 certified Native CDFIs and another 60 preparing for certification—a remarkable accomplishment given that in FY 2001 there were just 14 certified Native CDFIs. These Native organizations bring leadership and stability to their communities by building assets and expanding economic opportunity for the people they serve.

The CDFI Fund has developed its Native Initiatives Strategic Plan for Fiscal Years 2009–2014 to build upon this record of success. In preparing this plan, the CDFI Fund has reviewed and analyzed data from three main sources: the Native American Lending Study of 2001, feedback from listening sessions that the CDFI Fund conducted in Fiscal Years 2007 and 2008 with Tribal leaders, administrators, staff, and others engaged in the development of Native CDFIs, and trends and data analysis from NACA Program applications and awards since 2004.

This process has resulted in the development of the following five key strategic objectives that the CDFI Fund will seek to accomplish in FY 2009-2014:

1. To sustain and advance established Native CDFIs;
2. To increase opportunities for Native CDFIs to access available capital;
3. To increase financial skills and opportunities in Native Communities;
4. To increase interagency coordination of Federal funding for Native CDFIs; and
5. To update the Native American Lending Study of 2001.

These strategic objectives address some of the key barriers to accessing capital and credit identified in the Native American Lending Study of 2001. The following pages provide a detailed discussion of each strategic objective, as well as an overview of the origins and components of the CDFI Fund's Native Initiatives.

Subject to the funding and resource availability, the CDFI Fund will use this Strategic Plan to guide implementation of its Native Initiatives during the next five years.









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Origins and Components of the Native Initiatives



Success Story

Native CDFI:

Four Directions Development Corporation

Training:

Maine Energy Auditor Training



Four Directions Development Corporation conducted energy auditor training with twelve students, who represented the Penobscot Nation and Passamaquoddy Tribes. For two weeks, the 80-hour rigorous training focused on home energy auditing and instrumented energy auditing. Students spent a full week engaged in interactive classroom sessions and studied thermodynamic theory, which included heat transfer principles, residential construction details, insulation, heating system design, and diagnostic procedures.

The photo of students with course instructor Ron Pascale was taken during the students' classroom experience. Students spent the second week of the course completing hands-on field training and participated in five home energy audits. Students also completed a two-part examination process to earn their State of Maine Energy Auditor Certification.

Origins and Components of the Native Initiatives

The Community Development Financial Institutions (CDFI) Fund's Native Initiatives are designed to address the barriers that limit access to credit, capital, and financial services in Native Communities, including Native American, Alaska Native, and Native Hawaiian communities. The Initiatives have their origins in the creation of the CDFI Fund itself in 1994 and are deeply rooted in the CDFI Fund's vision.

Origins of the CDFI Fund

The Riegle Community Development and Regulatory Improvement Act of 1994 (Public Law 103-325) established the CDFI Fund to promote economic revitalization and community



development through an investment and assistance program for Community Development Financial Institutions (CDFIs)—specialized financial institutions that provide a wide variety of business loans and other financial services to economically disadvantaged areas that are not adequately served by traditional financial institutions.

The CDFI Fund's vision is an America in which all people have access to affordable credit, capital, and financial services. It seeks to realize this vision by promoting access to capital and financial services in the following ways:

- Through its CDFI Program, the CDFI Fund directly invests in, supports, and trains CDFIs that provide loans, investments, financial services, and technical assistance to underserved populations and in low-income or economically distressed communities;
- Through its New Markets Tax Credit Program, the CDFI Fund provides allocations of tax credits to Community Development Entities, which enable them to attract investment from the private sector and reinvest funds in low-income communities;

- Through its Bank Enterprise Award Program, the CDFI Fund provides an incentive to banks to invest in their communities and in CDFIs; and
- Through its Native Initiatives, the CDFI Fund provides financial assistance, technical assistance, and training to Native CDFIs and other Native entities proposing to become or create Native CDFIs.

Since its creation in 1994, the CDFI Fund has awarded almost \$1 billion to CDFIs, community development organizations, and financial institutions through the CDFI Program, the Bank Enterprise Award Program, and the Native Initiatives. In addition, the CDFI Fund has allocated \$21 billion in tax credit authority to Community Development Entities through the New Markets Tax Credit Program.

What is a CDFI?



Community Development Financial Institutions (CDFIs) are community-based financial institutions that specialize in serving low-income people or working in economically distressed communities. They seek to provide a wide range of financial products and services, such as mortgage loans for low-income and first-time homebuyers, small business loans, and loans for community facilities and affordable housing, to enable their customers to build wealth and to participate in the ownership society. CDFIs may offer rates and terms that are more flexible than those provided by traditional financial institutions. They also provide services that will help ensure that credit is used effectively, such as technical assistance to small businesses, and home buying and credit counseling to consumers. CDFIs include regulated institutions such as community development banks and credit unions, and non-regulated institutions such as loan funds and venture capital funds.

Origins of the Native Initiatives

The Riegle Act included a provision that directed the CDFI Fund to conduct a comprehensive study of “lending and investment practices on Indian reservations and other land held in trust by the United States.” The Act mandated that the study:

- Identify barriers to private financing;
- Identify the impact of such barriers on access to capital and credit for Native Americans and Native Hawaiians;
- Develop recommendations for statutory and regulatory changes to existing Federal programs;
- Develop policy recommendations for CDFIs, insured depository institutions, secondary market institutions, and private sector capital institutions; and
- Be submitted in final form to Congress and the President.

In 2001, the CDFI Fund convened workshops with Tribal leaders, Native economic development experts, Native business leaders, bankers, investors and other stakeholders to identify barriers to investment in Native Communities and to develop recommendations to address those barriers. The CDFI Fund published the Native American Lending Study (the Study) in November 2001 (see Appendix for Executive Summary).

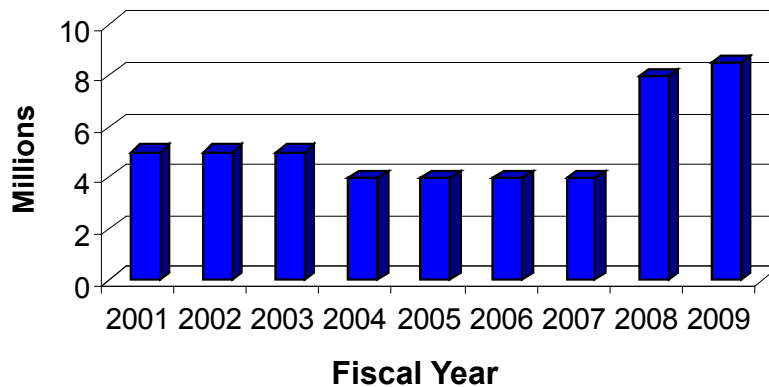


The Study identified 17 major barriers to capital access, relating to legal infrastructure, government operations, economic, financial and physical infrastructure, and education and cultural issues. It also offered a wide variety of recommendations to address those barriers, including:

- Increase the number of financial institutions on or near Indian Lands;
- Develop new local and non-traditional mechanisms to deliver capital on Indian Lands and Hawaiian Home Lands;
- Expand financial literacy education opportunities for Native Americans and Native Hawaiians;
- Develop entrepreneurship programs for Native Americans and Native Hawaiians; and
- Expand technical assistance and training for business owners on Indian Lands and Hawaiian Home Lands.

Thus, the Study affirmed that promoting the development of Native CDFIs and the services they provide should be a critical component in the broader effort to lead Native Communities into the nation’s economic mainstream. In the CDFI Fund’s annual appropriations, Congress subsequently specified that certain amounts be used to facilitate the development of those CDFIs that primarily serve Native Communities (see Table 1 for annual appropriations amounts). This directive led to the creation of the CDFI Fund’s Native Initiatives.

Table 1: Annual Native Initiatives Appropriations



Components and Accomplishments of the Native Initiatives

The Native Initiatives include a variety of programs designed to increase the access to credit, capital, and financial services in Native Communities through the creation and expansion of Native CDFIs—i.e., CDFIs that direct at least 50 percent of their activities to Native Communities. The Native Initiatives have two main components:

- Native American CDFI Assistance (NACA) Program; and
- Expanding Native Opportunities (ENO) Training Program.

The Native Initiatives appropriation funds both components. The primary staff responsible for implementing Native Initiatives includes a Native Program Advisor and a Native Financial and Program Analyst.



Native American CDFI Assistance Program

Through the NACA Program, the CDFI Fund provides funding to build the community development capacity of Certified Native CDFIs, Emerging Native CDFIs, and Sponsoring Entities¹, and to increase access to capital in Native Communities. Funding is offered in two forms:

- **Financial Assistance (FA) awards** – Only Certified Native CDFIs are eligible to receive FA awards. The awards are made in the form of loans, grants, deposits, and equity investments to support the Certified Native CDFI’s financing activities, and require the awardee to match the CDFI Fund’s award dollar-for-dollar with funds from non-Federal sources. Historically, awardees have used FA awards primarily as lending capital.
- **Technical Assistance (TA) grants** – TA grants are offered to Certified Native CDFIs, Emerging Native CDFIs and Sponsoring Entities. Awardees may use TA grants to increase their capacity to serve Native Communities—for example, to hire staff, to acquire products or services, such as technology, training for staff, or consulting services, or to support other capacity-building activities—and/or to create or to become Certified Native CDFIs.

1. Certified Native CDFI: A Certified Native CDFI is an entity whose certification as a CDFI has not expired or been terminated by the CDFI Fund. Certified Native CDFIs may apply for TA grants and FA awards.

Emerging Native CDFI: An Emerging Native CDFI is an entity that demonstrates that it has a reasonable plan to be certified by a certain date. Emerging Native CDFIs may only apply for TA grants; they are not eligible to apply for FA awards.

Sponsoring Entity: A Sponsoring Entity is an entity that proposes to create a separate legal entity that will become a certified Native CDFI. Sponsoring Entities include: (a) a Tribe, Tribal entity, Alaska Native Village, Village Corporation, Regional Corporation, Non-Profit Regional Corporation/Association, or Inter-Tribal or Inter-Village organization; (b) an organization whose primary mission is to serve a Native Community including, but not limited to an Urban Indian Center, Tribally Controlled Community College, community development corporation, training or education organization, or Chamber of Commerce, and that primarily serves (meaning, at least 50 percent of its activities are directed toward serving) a Native Community. Sponsoring Entities may only apply for TA grants; they are not eligible to apply for FA awards.

Success Story

Native CDFI:
Lakota Funds

Business:
Murdock Electric Incorporated



In 25 years, Murdock Electric has grown from a modest business run by its founder, Frank Murdock, Sr., out of the back of his pickup truck to a thriving enterprise with a modern 40' x 80' facility and more than 20 employees. Financing from Lakota Funds enabled Murdock Electric to build its current shop in Pine Ridge, South Dakota and also provided additional capital to help expand the business.

Murdock Electric has proven to be an excellent source of jobs for its community. There are eleven apprentices working for the company. "Murdock Electric is proud to be a Native American-owned business with one hundred percent Native American employees," says Frank Murdock, Jr., an officer of the company. His mother Marjorie—also the company's business manager—appreciates the assistance Lakota Funds has provided. "I support Lakota Funds and believe it is a benefit to the reservation," she says. "The representatives were helpful and made it easy for us by coming to our office. Receiving the loan was not a cumbersome process."

NACA Accomplishments:

- In FY 2008, the CDFI Fund received 45 applications requesting a total of more than \$17 million for the NACA FA and TA programs—up from 29 applications requesting almost \$11 million in FY 2007.
- The CDFI Fund ultimately awarded a total of \$8.3 million to 29 organizations in FY 2008, more than in any previous year. About \$6.2 million was awarded to 12 organizations requesting FA, and more than \$2 million to 17 organizations requesting TA. (Due to the increased demand for funding, the CDFI Fund capped its 2008 FA awards at \$500,000 and thus was able to make more awards).
- Since inception, the CDFI Fund has awarded more than 175 grants totaling \$31 million to Native CDFIs serving almost 100 Native Communities. The result has been a remarkable growth in the Native CDFI industry. In FY 2001, the year before the Native Initiatives were launched, there were 14 certified Native CDFIs in the United States. By December 2008, the CDFI Fund had certified 50 Native CDFIs, a 300 percent increase in the six years since the inception of the Native Initiatives. Another 60 Native CDFIs were preparing for certification.



Expanding Native Opportunities Training Program

The ENO Program is a training series focused on increasing the number of Certified Native CDFIs, strengthening the operational capacity of existing Native CDFIs, and guiding Native CDFIs in the creation of important financial education and asset-building programs for their communities. The CDFI Fund fully funds and administers the training series using contractors selected through the Federal procurement process.



As of September 30, 2008, the CDFI Fund had four ENO training initiatives:

- Native Communities Financing Initiative (NCFI);
- Native Financial Skills Initiatives (NFSI);
- Native Individual Development Account Initiative (NIDAI); and
- Native Entrepreneur and Enterprise Development (NEED).

Native Communities Financing Initiative

Through the NCFI, the CDFI Fund provides training and technical assistance to Tribes, Tribal programs, Native non-profits, and community development practitioners interested in developing Native CDFIs. NCFI consists of an intensive series of workshops and individualized, follow-up technical assistance conducted over a 12-month period. Originally designed to help Native Communities develop and expand Native CDFIs, NCFI was expanded in 2008 to include training in creating Native Credit Unions.

NCFI Accomplishments

- NCFI is the main training program of the Native Initiatives. Since 2003, nearly 235 Native Communities and organizations have participated in NCFI workshops.
- In the first five rounds of NCFI, 69 Native Community organizations seeking to become certified as a Native CDFI participated in the Initiative. Subsequently, 12 organizations have achieved CDFI certification and 47 are progressing toward certification. Progress is measured through a milestone schedule that has indicated that participants are progressing further and faster toward certification through their participation in NCFI.

Native Financial Skills Initiatives

The NFSI program takes a “train-the-trainer” approach, providing training and technical assistance to help Native CDFIs and similar organizations to develop their own financial

Success Story

Native CDFI:
Wind River Development Fund

Business:
Merry-Go-Round Kidz Kloz



Ms. Letitia Black often wondered what to do with her children's good-as-new clothing as they quickly grew out of them. While visiting in California, Letitia came across a quality, second-hand clothing store and quickly recognized a business opportunity. Upon returning home, she immediately enrolled in the Strengthening and Growing Entrepreneur business planning course.

Letitia wrote a business plan and then turned her idea into reality by opening Merry-Go-Round Kidz Kloz in Arapahoe in 2006. With financial match support from the Equipose Fund and First Nations Development Institute, she became Wind River Development Fund's first Individual Development Account graduate. She used her savings and match to purchase equipment and supplies to help grow her business. "Having your own business can seem intimidating," says Letitia. "But Wind River Development Fund showed me how to turn my idea into a reality. I couldn't have done it without them."

education programs. The training is based on the Building Native Communities[®] financial literacy curriculum initiated through a partnership between First Nations Development Institute and the Fannie Mae Foundation,² and incorporates other related tools, such as the Earned Income Tax Credit, Individual Development Account, and integrated asset-building programs.

NFSI Accomplishments

- Representatives of 91 Native community organizations attended NFSI training that began in Albuquerque, New Mexico, in April 2007 and concluded in Catoosa, Oklahoma, in June 2008. Sixty-two of the 91 organizations have been assigned technical assistance providers and have made significant progress toward conducting their own financial education programs. Of those 62, 28 have conducted courses, 17 have made progress toward offering their first class, and 17 have been introduced to financial education programming.

Native Individual Development Account Initiative

Through NIDAI, the CDFI Fund provides training and technical assistance to Native CDFIs, Tribes, and other Native organizations to create and to administer Individual Development Account (IDA) programs. (IDAs are matched savings accounts designed to enable low-income working families to buy a first home, to pay for post-secondary education, or to start a small business). The training consists of a three-day session designed to help these organizations start, implement, and sustain IDA programs in their communities. The participants are guided toward creating plans to develop an IDA program customized to their communities and are subsequently offered technical assistance in IDA program start-up and implementation.

2. *Building Native Communities: Financial Skills for Families*, financial literacy curriculum, First Nations Development Institute and Fannie Mae Foundation, 2000/2001

NIDAI Accomplishments

- From the first NIDAI training session in Seattle, Washington in September 2005, to the eighth session in Washington, DC, in March 2007, representatives of 69 Native community programs have attended NIDAI trainings and have been assigned technical assistance providers. Attending the training has enabled these representatives to become familiar with IDAs, to acquire current information about the growth and development opportunities, and to connect to a national support network.
- Of the 62 Native organizations that have participated in NIDAI, nine have started IDA programs for savers, and 47 are on the path toward developing their own programs. NIDAI has also enabled 13 other organizations that had already established IDA programs to enhance their programs by providing them with training and technical assistance. These programs reported supporting more than 350 savers in 2007 and early 2008.

Native Entrepreneur and Enterprise Development

The CDFI Fund's newest ENO initiative, NEED provides training and technical assistance to enable Native CDFIs to create entrepreneurship development systems in their own communities. The curriculum is tailored specifically to the unique needs of Native Communities and entrepreneurs seeking to launch businesses.

NEED Accomplishments

- In 2007 and 2008, the CDFI Fund's NEED contractors conducted a Native entrepreneurship education needs assessment and national survey; created an entrepreneurship development system curriculum geared toward Native Communities; designed and delivered three three-day training sessions; and provided ongoing, customized technical assistance designed to help Native CDFIs, Tribes, and other Native organizations assess, develop, or enhance entrepreneurship systems within their communities.
- Altogether, 70 representatives from 38 organizations in 24 Native Communities have participated in NEED.

Success Story

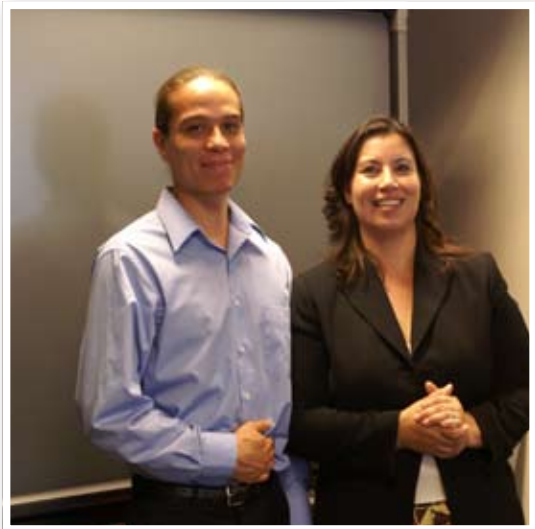
Native CDFI:
Wind River Development Fund

Business:
Heavy Eagle Tepee Rental Company



Lloyd "Jingles" Tillman completed the Strengthening and Growing Entrepreneur Business Planning Course at the very top of his class in 2004. He then took out a microloan from the Wind River Development Fund to start up his tepee rental business. "The class really helped me understand what I needed to do to get my business started. Wind River Development Fund has been there for me ever since; with help on all aspects of my business like marketing and pricing. They've really helped me make my business better."

After paying off his first loan, Lloyd has been a return borrower, using the additional capital to purchase a truck and continue to grow and strengthen his business. Heavy Eagle Tepee Rental has set up tepees not only for local clients, but for people from across the country and the world.



Developing the Native Initiatives

Strategic Plan FY 2009-2014



Success Story

Native CDFI:

Cherokee Nation Economic Development Trust Authority

Business:

Zach Gann's Cattle Business



Starting your own business is a dream that the Cherokee Nation Economic Development Trust Authority helped recipient, Zach Gann accomplish.

Zach, who attends Sequoyah Schools, participated in the program to expand his existing cattle business. "The loan helped me to extend my business, which produces more money for me to prepare for my college education and future. It has been a real learning experience."

The Cherokee Nation Economic Development Trust Authority was created to assist low income Native Americans with the funding and assistance to start, expand or stabilize a small business. The loan programs are available through the tribe's Small Business Assistance Center (SBAC). The SBAC provides Cherokee Nation citizens with technical, informational and financial assistance to help establish small businesses and to enhance economic growth among citizens and communities.

For Zach, the experience has been productive, and he encourages other young people and adults to take part in the loan program. "I would encourage other Native Americans to take part in the program" said Zach. "It's a great deal because of the low interest rate and the employees at the SBAC are very helpful. For me, the loan has helped me to learn how to become self-sufficient and has been a real confidence builder."

Developing the Native Initiatives Strategic Plan for FY 2009-2014

The CDFI Fund's Native Initiatives have generated significant growth in the Native CDFI industry, and the CDFI Fund has designed the Native Initiatives Strategic Plan for FY 2009-2014 to build upon this strong foundation. In developing the new Strategic Plan, the CDFI Fund has been guided by three critical sources of information:

- The 2001 Native American Lending Study;
- Current data on the growth of the Native CDFI industry; and
- Outreach and listening sessions conducted by the CDFI Fund with Native stakeholders.

The 2001 Native American Lending Study

The recommendations that the 2001 Native American Lending Study presented to increase access to capital in Native Communities are:

- Support the creation of financial institutions, especially Native CDFIs;
- Support the creation of Native CDFIs that will offer financial education;
- Expand training opportunities in community development finance; and
- Encourage and facilitate networking forums in community development finance.

The First Native Initiatives Strategic Plan's stated goal was to "improve the economic living conditions of underserved communities by providing an array of community development financing and financial services through a nationwide network of sustainable CDFIs and community development entities" (CDEs). It identified three critical objectives:

- To encourage greater availability of credit, capital, and financial services for businesses and entrepreneurs in Native Communities;

- To encourage more homeownership opportunities for Native Communities; and
- To expand access to affordable financial services to Native Communities.

During the past five years, the CDFI Fund has worked consistently to implement these three objectives, as well as the four recommendations of the Study that were deemed to be within the purview of the CDFI Fund. The Study has continued to serve as the foundation upon which the CDFI Fund has built the Native Initiatives Strategic Plan for FY 2009-2014.

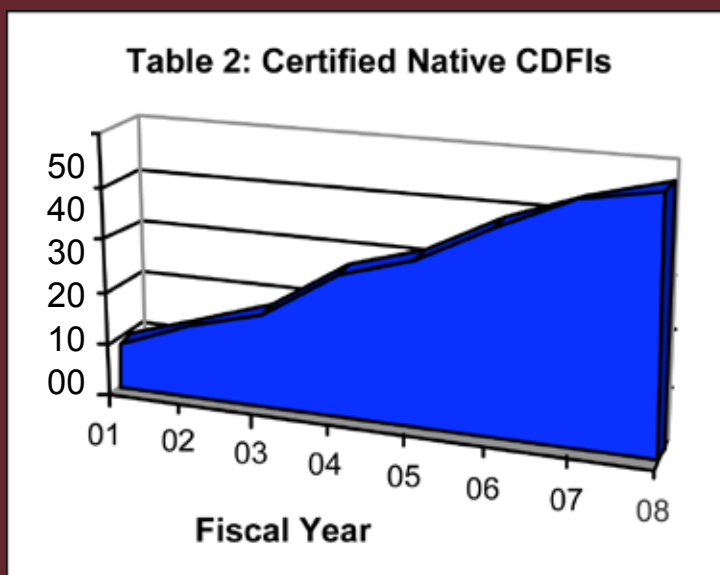
Current Data on the Growth of the Native CDFI Industry

The Native Initiatives Strategic Plan for FY 2009-2014 has also been informed by an analysis of CDFI Fund data compiled from Native Initiatives funding applications and CDFI Fund awards. This analysis offers a clear portrait of the growing Native CDFI Industry and has yielded two fundamental conclusions:

1. The Native CDFI industry has grown rapidly and will continue to grow.

The data clearly show that the Native CDFI industry has undergone rapid growth and expansion since the completion of the Native American Lending Study in 2001. In FY 2001, the CDFI Fund had certified nine Native CDFIs. Since Congress appropriated the first Native Initiatives funding in 2002, the number of Certified Native CDFIs has steadily grown, reaching 50 by the end of fiscal year 2008. Table 2 illustrates the growth of certified Native CDFIs in the United States from 2001 to 2008.

In addition, more than 60 organizations are at various stages of development and moving toward certification as Native CDFIs³. These data indicate that the number of Certified Native CDFIs will continue to grow. The Native Initiatives Strategic Plan for FY 2009-2014 reflects this trend.



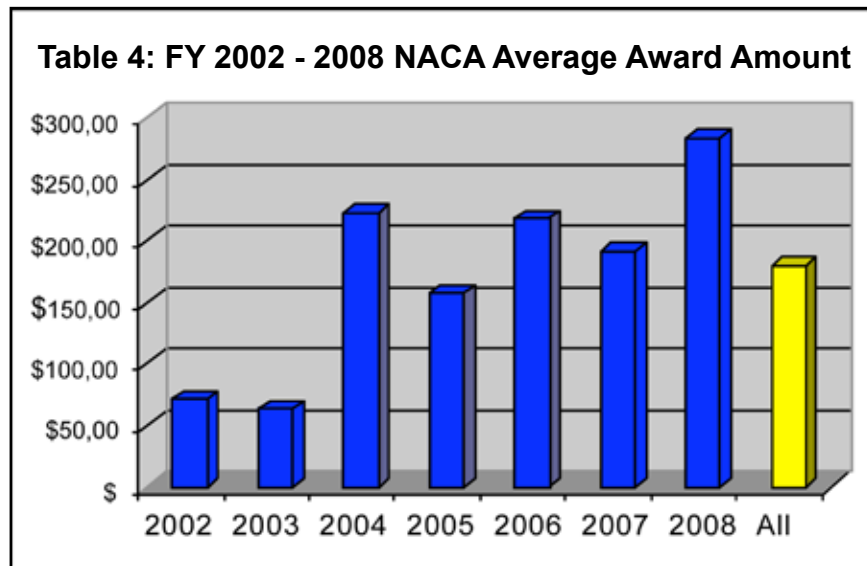
3. Growing Native Communities: The Role of Native CDFIs, First Nations Oweesta Corporation/First Nations Development Institute Research Report for CDFI Fund Research Conference, pg. 35 (5/30/2008)

2. The demand for funding and services for Native CDFIs has grown rapidly and will continue to grow.

Just as the number of Native CDFIs has grown, so too has the demand for funding and services for Native CDFIs. This is indicated by the growth in the total amount of funding requested by NACA Program applicants in FY 2007 and FY 2008:

FY 2007	\$6.7 Million
FY 2008	\$14.7 Million

Moreover, as Table 4 shows, the average amount of a NACA award has also increased from 2002 to 2008:



As this table shows, the average award amount has fluctuated somewhat each year since 2004, but the overall trend is a significant increase since 2002, when the first awards were made. The largest average award amount (\$283,604) occurred in the most recent round (FY 2008). The average award amount for the period is \$179,353, which is more than twice the amount in FY 2002 (\$71,628). (Note: FY 2003 and FY 2004 were somewhat anomalous funding rounds as the CDFI Fund consolidated funding from FY 2003 into a larger FY 2004 round.) Also, in three of the past seven years, the average award amount exceeded \$200,000 and reached nearly \$300,000 in FY 2008.

These data indicate that Native CDFIs have become much more capable of administering their FA awards as well as attracting private capital in order to meet the non-Federal match requirement. They also indicate that, as the Native CDFI industry matures, there will be a growing need for larger FA awards. Nonetheless, Native CDFIs remain small organizations with typically less than five employees. The markets they serve remain underdeveloped and require extensive technical assistance, in the form of financial skills workshops, credit counseling, and small business consulting. Indeed, a substantial number of the awards made by the CDFI have been TA grants. Since 2005, 96 percent of applications from certified Native CDFIs requested TA grants jointly with FA awards.⁴

4. CDFI Fund data analysis.

**Table 5: FY 2002 - 2008
NACA Applicants by Type**

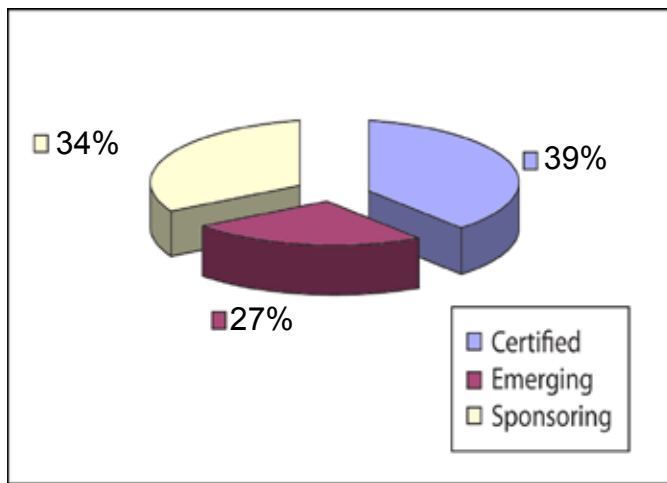


Table 5 shows the types of applicants for NACA Program awards from 2002 to 2008:

The 272 applicants have been fairly even divided among the three categories: 39 percent have been Certified Native CDFIs, 34 percent Sponsoring Entities, and 27 percent Emerging Native CDFIs. However, because Sponsoring Entity and Emerging applicants are eligible only for TA grants, the data indicate that, although Certified CDFI applicants are the largest category, a majority of applicants (61 percent) have been seeking TA funds, and that there is still a critical need for operational support for Emerging Native CDFIs and Sponsoring Entities.

The current data clearly demonstrate an increasing demand by the growing Native CDFI industry for TA grants and FA awards. The Native Initiatives Strategic Plan for FY 2009-2014 reflects this trend, and includes provisions for increasing training and technical assistance for Native CDFIs.

Success Story

Native CDFI:

Citizen Potawatomi Community Development Corporation

Business:

Yancey, Inc. DBA Shawnee Cleaners



Eleven years ago, Dwight and Darcee Yancey saw the potential of a local mismanaged business. While they knew relatively nothing about the dry cleaning or laundry industry they did know they could work hard and learn the ropes. Today, they are proud to say that they continue to work hard at growing their customer base at Shawnee Cleaners in Shawnee, Oklahoma. The term hard work isn't an exaggeration either; customers drop off and pick up their clothes Monday through Sunday 7 a.m. to 9 p.m. That work ethic and personal service was apparent to the Citizen Potawatomi Community Development Corporation (CPCDC) when the Yanceys sought assistance to obtain newer equipment. The Yanceys felt as tribal members they could confidently approach the CPCDC and have their situation assessed objectively. "The CPCDC offered solutions when others wouldn't even hear us out."

The Yanceys are especially proud to have created the capacity to provide services for the Citizen Potawatomi Nation. "While servicing the nation represents a great opportunity for us revenue wise, we hope to show our appreciation to the tribe with extremely competitive pricing and by providing exceptional service."

Listening Sessions and Outreach

In developing the Native Initiatives Strategic Plan for FY 2009-2014, the CDFI Fund solicited the views of a wide range of stakeholders.

In 2007 and 2008, the CDFI Fund conducted a series of listening sessions with Tribal leaders, administrators, staff and other interested individuals who are actively engaged in the development of Native CDFIs. Participants were asked to respond to variety of questions, including:



- Where would you like to see the Native Initiatives of the CDFI Fund be in five years?
- What role should the CDFI Fund play in the development of your organization (e.g., funder, technical assistance provider, etc.)?
- What services would you like to see the CDFI Fund offer that it currently does not? Or, what services that it currently offers should it not offer?
- How should the Native American CDFI Assistance (NACA) Program change in the future, if at all?
- How should the training programs under the Expanding Native Opportunities Training Program develop in the future, if at all?

Three sessions were held, during which nearly 100 participants provided feedback and comments. Table 6 shows the location, dates, and number of attendees at each session.

Table 6: Native Initiatives Strategic Plan Listening Sessions		
Date	Location	Number of Attendees
12/10/07	Opportunity Finance Network Annual Conference Miami, FL	40
1/23/08	Affiliated Tribes of Northwest Indians Annual Conference - Yakima, WA	30
2/11/08	United South and Eastern Tribes Impact Week Washington, DC	20

In addition to the listening sessions, the CDFI Fund conducted more informal outreach efforts. The CDFI Fund’s Native Program Advisor traveled to Native Communities extensively throughout the fiscal year, meeting with Tribal stakeholders and soliciting their views on the Native Initiatives.

The feedback from the listening sessions and other outreach efforts provides a “real world” perspective on the effectiveness of the Native Initiatives Program from those who regularly use its services. The CDFI Fund has reviewed and analyzed the feedback, and has incorporated the conclusions into the Native Initiatives Strategic Plan for FY 2009-2014.

Native Initiatives Strategic Objectives for FY 2009-2014



Success Story

Native CDFI:
Citizen Potawatomi Community
Development Corporation

Business:
La Posh Boutique and La Posh Dance



Bianca Gilmore has always had a gift for sewing. She started sewing and making things when she was just thirteen years old. Eventually, Bianca turned her hobby into a children's clothing line called La Posh Couture and began selling it.

In February 2008, she opened La Posh Boutique, where she sells La Posh Couture, diaper accessories, bedding and dancewear, as well as children's apparel by other designers. In May 2008, Bianca expanded the dancewear line, La Posh Dance, to a dance boutique. Realizing she wanted to expand La Posh Dance even further, she approached Citizen Potawatomi Community Development Corporation for a loan to help her secure inventory for the dance merchandise.

Of the help she received from Citizen Potawatomi CDC, Bianca expresses, "I am very grateful for the help I have received."

Native Initiatives Strategic Objectives for FY 2009-2014

The Native Initiatives Strategic Plan for FY 2009-2014 represents the CDFI Fund's efforts to carry out its mission in Native American Communities and to implement the recommendations of the Native American Lending Study as well as the Congressional mandate that the CDFI Fund utilize funds for technical assistance, financial assistance, training, and outreach grants to benefit Native American, Alaska Native, and Native Hawaiian Communities.

In developing the new Strategic Plan, the CDFI Fund has drawn upon the recommendations of the 2001 Native American Lending Study, an analysis of data from past funding rounds of the NACA Program, and listening sessions conducted with Native CDFIs, Tribal leaders, and other stakeholders in Native Communities in 2007 and 2008. This process has resulted in the development of five strategic objectives that the CDFI Fund will seek to accomplish in FY 2009-2014:

- To sustain and advance established Native CDFIs;
- To increase opportunities for Native CDFIs to access available capital;
- To increase financial skills and opportunities in Native Communities;
- To increase interagency coordination of Federal funding for Native CDFIs; and
- To update the Native American Lending Study of 2001.

Each of these five objectives is critical to the growth and development of Native CDFIs.

Objective 1: Sustain and Advance Established Native CDFIs

Target Audience

Certified Native CDFIs



Rationale

Even after they are established in their communities, Certified Native CDFIs have few opportunities to receive the training and support they need to increase their operations, to expand their menu of financial products and services, and to become stronger, self-sustaining institutions that serve their communities effectively. To ensure that, as the Native CDFI industry grows, the number of “mature” or highly sophisticated Certified Native CDFIs grows as well, the CDFI Fund will focus on five key actions that will enable Certified CDFIs to expand their target markets and to increase their services.

Key Actions

- 1. Provide advanced institutional training and technical assistance to certified Native CDFIs** – The CDFI Fund will identify Certified Native CDFIs that are interested in expanding their operations and services, and will provide them with advanced training and technical assistance specifically designed to meet the unique needs of Native organizations. The CDFI Fund will collaborate with external organizations to develop an advanced curriculum on institutional development for Native CDFIs. An advanced curriculum will help Certified Native CDFIs to address complex issues, such as strategic partnerships and equity management and will enable them to start undertaking the next stages of growth.
- 2. Increase opportunities for participation in other CDFI Fund programs** – Among the programs that the CDFI Fund offers to promote local economic growth are two that have been underused by Native Communities: The Bank Enterprise Award Program, through which the CDFI Fund provides monetary awards to banks for increasing their investment in low-income communities and/or in CDFIs, and the New Markets Tax Credit Program, which enables investors to claim tax credits for investing in Community Development Entities. Indeed, since FY 2006, only two Native organizations have received New Markets Tax Credit awards. In FY 2003, through the Bank Enterprise Award Program, the CDFI Fund encouraged FDIC-insured banks to serve Native Communities by creating an explicit funding priority for such activities⁵. This effort resulted in nine Bank Enterprise Award Program awards totaling \$2,306,009 to FDIC-insured banks that serve Native Communities⁶. To increase the usage of the Bank Enterprise Award and New Markets Tax Credit Programs in Native Communities, the CDFI Fund will develop a training and technical assistance outreach program to assist Native organizations interested in participating in these programs.

5. Native Initiatives: An Addendum to the CDFI Fund’s Strategic Plan FY 2003 – 2008, pg. 4

6. Growing Native Communities: The Role of Native CDFIs, First Nations Oweesta Corporation/First Nations Development Institute Research Report for CDFI Fund Research Conference, pg. 33 (05/30/2008)

- 3. Revise goals and measures for NACA awards** – When a Native CDFI receives an award through the CDFI Fund’s Native American CDFI Assistance (NACA) Program, it signs an assistance agreement that sets specific performance goals and measures for the CDFI, and requires it to become certified within three years after receiving the NACA award. Non-Native CDFIs that receive awards through the CDFI Fund’s CDFI Program are required to sign an identical assistance agreement and to achieve certification within three years.

The CDFI Fund has found that, although the three-year period is appropriate for CDFI Program awardees, it may be too short for NACA awardees that face a variety of challenges that non-Native CDFIs simply do not. A review of NACA Program amendment requests since 2002 found that 42 percent of awardees required an extension of their certification goal. Most of the awardees were able to become certified within five years. Therefore, the CDFI Fund will extend CDFI certification requirements for NACA awardees from three years to five years, beginning in FY 2010.

In addition, in 2009, the CDFI Fund will evaluate the reporting requirements to which NACA awardees are subject. For example, each awardee is required to provide a Transaction Level Report, which documents all transactions performed at the organization in a specific format. At the listening sessions conducted by the CDFI Fund in 2007 and 2008, many stakeholders expressed the concern that reporting requirements place an onerous burden on organizations with limited staff and are beyond the technical and logistical ability of many Native organizations. The CDFI Fund will review the NACA Program data collected through the Community Investment Impact System and will determine whether to modify the current reporting requirements.

- 4. Support the development of Native credit unions** – As part of the Native Communities Financing Initiative, the CDFI Fund currently offers a credit union training curriculum for Native Communities. The training was developed and delivered by contractors, and two were presented in 2007 and 2008.

Beginning in 2009, the CDFI Fund will launch a new credit union training initiative. In a collaborative effort with the National Federation of Community Development Credit Unions (the Federation), the CDFI Fund will encourage Native organizations to attend the Federation’s annual CDCU Training Institute, to be held in August 2009. Attending the CDCU Training Institute will enable new and established Native credit unions to network and interact with other credit union practitioners and to learn about their models and



best practices. The CDFI Fund will sponsor the delivery of the training curriculum at the CDCU Training Institute and provide follow-up technical assistance to Native participants through contractors.

- 5. Maintain communication and build trust** - It is critical for any Federal agency working in Native Communities to maintain an active presence in those communities and to establish strong relationships built upon clear communication, mutual trust, and genuine understanding of and respect for the local culture.



The CDFI Fund is committed to continuing to build strong, productive relationships with the Native Communities and Native CDFIs it serves. During the next five-year period, the CDFI Fund will make presentations at intertribal conferences, conduct site visits to Native Communities, and meet with Tribal leaders and staff. This will enable CDFI Fund staff to assess the progress of Native CDFIs and to obtain feedback on the Native Initiatives from Native CDFI staff. Moreover, it will help Native Communities to understand that the CDFI Fund—and the Federal government—has a face and is a partner that they can turn to with confidence for assistance and information.

Measures

The CDFI Fund will measure its progress in meeting this objective by the following criteria:

- Number of Certified Native CDFIs completing training and receiving technical assistance;
- Growth in asset size among Native CDFIs receiving training; and
- Increase in financing activity levels (products, outputs and impacts) of Native CDFIs receiving training.

Evaluation

Annual survey

Success Story

Native CDFI:
Four Bands Community Fund

Business:
Alli Moran, Youth Entrepreneur



Economic Development. It's a term most teenagers don't know much about. But Alli Moran, a student at Cheyenne-Eagle Butte High School, is an exception.

Through Four Bands Community Fund, Alli has not only learned the term, she's also sharing the value of economic development with her family, friends and community. Alli became an entrepreneur at a young age. In grade school, she would bead necklaces for her friends and sell them for twenty-five cents.

These days, through her participation in Four Bands' programs, Alli is gaining valuable knowledge to become a successful businesswoman. The Wakpa Waste Chapter of American Indian Business Leaders (AIBL) is one organization that Alli participates in locally. Realizing the opportunities the business development program presented, she recruited more students to participate. "AIBL is my favorite," she says. "I've learned about creating business."

Objective 2: Increase Opportunities for Native CDFIs to Access Available Capital

Target Audience

Certified and Emerging Native CDFIs

Rationale

The Native American Lending Study identified the lack of lending capital as one of the greatest barriers to economic development in Native Communities, and securing capital remains one the most significant challenges Native CDFIs face. The NACA Program's Financial Assistance component caps the award amount a Native CDFI can receive at \$500,000, and requires the CDFI to match the award amount dollar for dollar with non-Federal funds.

Meeting this non-Federal match requirement can be difficult for Native CDFIs because, for most Native Communities, Federal agencies are the main source of funds. As a result, the requirement may undermine the ability of some Native CDFIs to secure capital through the NACA Program or may even discourage them from applying.

In 2009-2014, the CDFI Fund will explore ways to increase opportunities for Native CDFIs to access available capital.

Key Action

- 1. Structure new Federal initiatives to include capital for Native Communities** - As stated in Objective #1, Native Communities underutilize the CDFI Fund's New Markets Tax Credit and Bank Enterprise Award programs. These programs can serve as additional mechanisms through which Native CDFIs attract more capital.

In addition, in FY 2008, Congress passed the Housing and Economic Recovery Act (Public Law 110-289), which created the Capital Magnet Fund to provide capital to create homeownership and affordable housing opportunities in underserved communities. The CDFI Fund is currently designing and developing the Capital Magnet Fund and will conduct outreach to Native Communities to inform them about how they can access capital through the program.

Measure

The CDFI Fund will measure its progress in meeting this objective by the following criterion:

- Increase in the number of Native CDFIs requesting Financial Assistance, New Markets Tax Credit and Bank Enterprise Awards, and other capital available through the CDFI Fund.



Evaluation

Based on the number and asset size of Certified Native CDFIs receiving capital support from the CDFI Fund

Objective 3: Increase Financial Skills and Opportunities in Native Communities

Target Audience

Native CDFIs, Native American community service organizations, Tribes and Tribal organizations, and other potential providers

Rationale

Through its Expanding Native Opportunities Training Program, the CDFI Fund provides a series of successful training programs designed to help Native CDFIs to increase their operating capacity and to create financial education and asset-building programs for their communities.

Each of these programs is structured to provide classroom training for two- to four-member teams made up of representatives from Native Communities. (At least two participants are required for each team in order to minimize the risk of loss of institutional knowledge due to staff turnover). The curricula have been developed in a culturally appropriate manner with extensive evaluation of knowledge transfer and retention. Follow-up technical assistance is also provided. Evaluation reports from past sessions clearly indicate that participants place high value on the follow-up technical assistance. Many of the past and current participants have stressed that technical assistance is the most critical component of the training initiatives. The CDFI Fund will continue to balance direct funding and training while developing new initiatives to increase financial knowledge in Native Communities.

Success Story

Native CDFI:

Lac Courte Oreilles Federal Credit Union

Business:

Asset Building Initiative



The Lac Courte Oreilles Federal Credit Union (LCOFCU) of Hayward, Wisconsin, has been working since 2004 to increase the asset building capacity of its members through its Asset Building Initiative. Once trained in a “Building Native Communities Train the Trainer Program”, LCOFCU staff have helped members improve their credit reports and gain basic financial education skills, which in turn have led to LCOFCU members taking ownership of their community.

LCOFCU reports that program participants realized that by supporting their local economy they were strengthening tribal sovereignty. They want to see a change in basic family finances that will lead to more community member-owned businesses.

Key Actions

Enhance Native Communities’ financial knowledge and experience through the development of new training and technical assistance programs - One new initiative will be training and technical assistance on the Earned Income Tax Credit (EITC). The EITC is often captured through Volunteer Income Tax Assistance (VITA) sites in Native Communities. Although the EITC is an effective poverty reduction program, it is underused in Native and non-Native Communities across the nation. In 2007, \$8 billion of EITC went unclaimed.⁷ The Internal Revenue Service, in cooperation with the Annie E. Casey Foundation, has been active in creating VITA sites and increasing EITC usage through grants. By FY 2010, the CDFI Fund, in collaboration with the IRS, will develop a curriculum and provide technical assistance to assist Native Communities in developing VITA sites.

The CDFI Fund will structure all new training and technical assistance programs to produce sustainable program development in a manner that is culturally appropriate to Native Communities.

Measure

The CDFI Fund will measure its progress in meeting this objective by the following criterion:

- Increase in the number of Native Communities with programs developed as a result of CDFI Fund-sponsored trainings and technical assistance; and
- Increase in the skill level of participants completing the training courses.

Evaluation

A milestone schedule populated through an annual survey will monitor the progress of the participating organizations; the skill level of participants will be gauged through an evaluation process.

7. <http://www.indiancountry.com/content.cfm?id=1096416519>

Objective 4: Increase Interagency Coordination of Federal Funding for Native CDFIs

Target Audience

Native Communities with Certified CDFIs, Emerging CDFIs, and Sponsoring Entities eligible for Federal programs other than those provided by the CDFI Fund

Rationale

Native Communities are eligible for funding from a wide variety of programs from Federal agencies,⁸ and a few Native CDFIs have been successful in using these programs to subsidize their operations and to expand their services. However, a significant information gap remains. Many Native Communities are unaware of these opportunities and continue to rely solely on the CDFI Fund for support. The CDFI Fund will undertake a variety of actions to coordinate with other Federal agencies to increase Federal funding for Native CDFIs.

Key Action

1. Identify and publicize Federal funding programs appropriate and available to Native CDFIs - The CDFI Fund will convene an interagency working group to develop a catalog of Federal funding programs that are available to support the work of Certified and Emerging Native CDFIs. The catalog will be made public as a resource guide for potential applicants and awardees to use to determine their fundraising priorities.
2. Coordinate with Federal program managers to facilitate effective leveraging of community development resources in Native Communities - In 2008, the Native Initiatives began a coordinated effort with the Department of Justice's Community Capacity Development Office to allocate joint resources to develop two Native Communities eligible for both the Justice Department's Weed and Seed Program and the CDFI Fund's Expanding Native Opportunities Program. Resources from the two programs have provided supplementary services that may not have been available through each program individually.
3. The CDFI Fund will continue to expand such coordinated efforts, when appropriate and feasible, in an effort to multiply the impact of limited Federal funding. Preliminary contact has been made with the Department of the Interior, the Department of Health and Human Services' Administration for Native Americans, Indian Energy and Economic Development, United States Department of Agriculture, and other agencies.

8. For example, the U.S. Department of Agriculture's loan guarantee programs; Administration for Native Americans socioeconomic development grants; Bureau of Indian Affairs loan insurance; and the Department of Housing and Urban Development's Rural Housing Economic Development grants.

Success Story

Native CDFI:
 Citizen Potawatomi Community
 Development Corporation

Business:
 Maverick Hotel



The next time you're in Tecumseh, Oklahoma, take a drive down Broadway Street and keep your eyes open for the new Maverick Hotel. This boutique hotel has undergone extensive renovation under the watchful eyes of new owners Bob and Cherie Trousdale.

The Trousdales addressed several challenges as they began moving their business idea from conception to reality. The first greatest challenge was identifying financing for the project.

But, after learning about the award-winning Citizen Potawatomi Community Development Corporation (CPCDC), Bob and Cherie decided to reach out to them. They found that CPCDC representatives were willing to listen to their business ideas, to give expert advice and to offer help in every respect.

“In our many business ventures, we have not worked with a more discerning group.”

“Working with the CPCDC has had a great impact on our business. They have truly made us feel like we were their only customer and have exceeded our expectations.”

Measure

The CDFI Fund will measure its progress in meeting this objective by the following criterion:

- Number of collaborative efforts sponsored by the CDFI Fund with other Federal agencies to promote Native CDFI efforts and programs.

Evaluation

Evaluation reports will monitor the progress of coordination between the CDFI Fund and Federal agencies. The reports will evaluate the efficiency of the coordinated outreach and training efforts, and the impacts in Native Communities to improve access to funding programs.



Objective 5: Update the Native American Lending Study

Target Audience

American Indian, Alaska Native, and Native Hawaiian Communities

Rationale

In 2011, the CDFI Fund will mark the tenth anniversary of the publication of its historic Native American Lending Study (the Study). The work undertaken since the report was issued in 2001 has brought profound change to Native Communities. The fledgling Native CDFI industry that existed a decade ago is now recognized as a legitimate national movement, receiving focus during the Opportunity Finance Network's annual conference (in partnership with First Nations Oweesta) in Albuquerque in 2008, the first one ever dedicated to a specific industry.

The increase in appropriations for the Native Initiatives is proof that Congress recognizes that Native CDFIs play an important role in creating self-sustaining Native Communities. Unprecedented in our nation's history and, indeed, in the history of Tribal governments, the tremendous progress achieved since 2001 raises questions of the future of the Native CDFI industry. The CDFI Fund, in collaboration with Tribal governments, will examine possible next steps to keep the industry progressing along the continuum of sustainability and community transformation.

The Study was based on quantitative data analysis and input from subject-matter experts and key stakeholders. It included a Financial Survey of 1,600 Tribal and financial organizations, 13 regional workshops, an Equity Investment Roundtable, an Equity Investment Research Report, and a National Roundtable that all brought extensive knowledge to the table. The Study described significant and overwhelming barriers facing Native Communities.

In 2009, the CDFI Fund began to develop a new and updated edition of the Study that will build on the 2001 findings and focus on conditions that have changed since that time, with a particular emphasis on the Impact of the Native CDFI industry in Native Communities. It will also examine access to capital and financial products and services in Native Communities.

Key Action

1. Update the 2001 Native American Lending Study - In consultation with Tribal governments, the CDFI Fund will update the 2001 Native American Lending Study, examining the current state of access to capital, financial products and services, the state of the Native CDFI industry, and the impact of Native CDFIs in the communities they serve.

This work will begin in FY 2009 and proceed in three phases:

Phase 1:

Conduct a literature review of relevant research published after the Native American Lending Study was conducted. This will include reviewing public data sources on conditions facing Native Communities and data from Federal agencies such as the U.S. Census Bureau, the General Social Survey, the Bureau of Indian Affairs, and the Small Business Administration.

Phase 2:

Analyze demographic, economic, housing, and other conditions facing Native Communities, derived from the primary data sources identified in Phase 1.⁹ The update will compile statistics regarding the Native CDFI industry. This information will be culled from CDFI Fund's Community Investment Impact System's data, evaluation reports from CDFI Fund-supported capacity-building initiatives, and other sources.¹⁰

Phase 3:

Incorporate the research and record the changes to barriers identified in the 2001 Native American Lending Study and resources available to Native CDFIs. A follow-up survey issued to Tribal governments will collect information on specific actions undertaken to address barriers and will analyze capital access trends in Native Communities. An assessment by industry experts will detail Federal funding programs available to Native CDFIs.

The CDFI Fund intends to complete the final updated report by FY 2012.

Measure

The CDFI Fund will measure its progress in meeting this objective by the following criterion:

- Completion and publication of the updated Native American Lending Study.

Evaluation

Native American Lending Study; a final publication of the updated Native American Lending Study in FY 2012.



9. It should be noted that the timing of the first Native American Lending Study precluded the incorporation of 2000 Census data. In order to include the most up-to-date information, this phase of the update should be extended into 2012.

10. Additionally, the CDFI Fund has access to a wealth of primary data on conditions in Native Communities. CDFIs regularly collect data on their Target Markets as part of their operations, including market studies, client intake information, activity and impact data, etc. To date, this information has been used to support the work of individual Native CDFIs; going forward, the CDFI Fund will undertake a systematic effort to analyze this information on an aggregate level.

Conclusion



IV. Conclusion

Native CDFIs are proving to be critical tools in the broad effort to enable Native Communities to gain access to capital and financial services. The CDFI Fund's Native Initiatives are proving to be critical tools in the development of Native CDFIs.

The CDFI Fund's Native Initiatives form a unique Federal program. By providing financing capital in combination with training and technical assistance, the Native Initiatives have produced rapid growth in the Native CDFI industry. New CDFIs have been created and continue to build capacity, and more and more communities are following their example. These Native CDFIs are expanding economic opportunity, building stronger and more self-sufficient Native Communities, and changing the lives of the people they serve.

It is clear that significant progress has been made in overcoming certain barriers identified in the 2001 Native American Lending Study. The CDFI Fund's focus for the next five years will be to continue its work to overcome these barriers—to protect the gains that have been made since 2001, to build upon the momentum to broaden access to capital and financial products and services in Native Communities, and to generate new opportunities for American Indians, Alaska Natives, and Native Hawaiians.



Appendix

Native American Lending Study Executive Summary

(To read the complete text of the Native American Lending Study, please go to:

http://www.cdfifund.gov/docs/2001_nacta_lending_study.pdf)

The Native American Lending Study (the “Study”) was undertaken by the Community Development Financial Institutions Fund (the “CDFI Fund”), an office within the U.S. Department of Treasury, for the purposes of examining the access to capital and Financial Services on Indian Lands and Hawaiian Home Lands, identifying the barriers to access, and providing options to address these barriers. The mission of the CDFI Fund is to expand the capacity of financial institutions to provide capital, credit and financial services in underserved markets.

In the Community Development Banking and Financial Institutions Act (1994), Congress found that “[many of the Nation’s urban, rural and Native American communities face critical social and economic problems arising in part from the lack of economic growth, people living in poverty, and the lack of employment and other economic opportunities.”

Indeed, many communities located in Indian Lands face economic and social challenges that place them significantly behind the rest of the U.S. economy. Financial Survey respondents and Workshop participants identified a number of historical, economic, and institutional reasons for these conditions. Affirming the Congressional findings with respect to the absence of economic opportunity, many of the Study participants identified one significant factor: a lack of access to capital and Financial Services in Native American and Native Hawaiian communities. In fact, the CDFI Fund’s research found that a significant difference in the amount of capital investment exists when comparing the rest of the United States to Indian Lands and Hawaiian Home Lands.

The Financial Survey and supporting research found the following evidence of this historic underinvestment on Indian Lands and Hawaiian Home Lands:

- 65 percent of Native American and Native Hawaiian respondents to the Financial Survey report that conventional mortgages are “difficult” or “impossible” to obtain. Home equity loans and construction and property rehabilitation loans are also in short supply on Indian Lands and Hawaiian Home Lands;
- Business loans were rated as “impossible” to obtain by 24 percent of Native American and Native Hawaiian respondents to the Financial Survey and as “difficult” to obtain by 37 percent. Larger business loans, those over \$100,000, are even more difficult to obtain; 67 percent of said Financial Survey respondents rated them as “difficult” to impossible to obtain;
- 66 percent of Native American and Native Hawaiian respondents to the Financial Survey stated that private equity investments are “difficult” or “impossible” to obtain for Native American and Native Hawaiian business owners;

- The CDFI Fund’s Equity Research Report estimates that the investment gap between Native American and Native Hawaiian economies and the United States overall totals \$44 billion; and
- Accordingly, the major objectives of the Study are to identify the barriers to capital access, credit, and basic financial services on Indian Lands and Hawaiian Home Lands and to develop policy recommendations that address these barriers.





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