

INDIGENIZING CATALYTIC CAPITAL

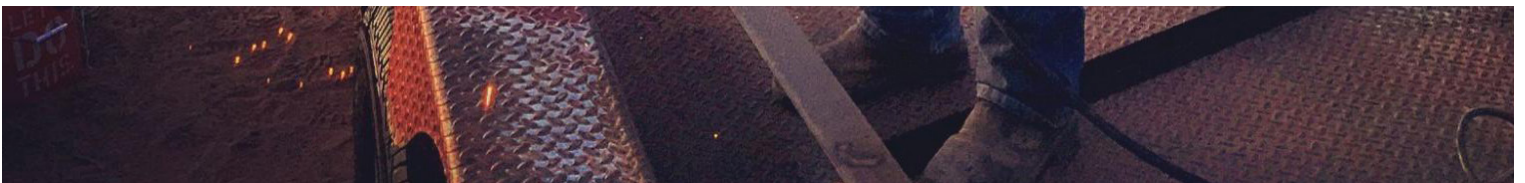
HOW TO GET TO CATALYTIC CAPITAL +



First Peoples Worldwide
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CROATAN
INSTITUTE



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EXECUTIVE SUMMARY

The time is ripe to invest in Native economies. Native entrepreneurs are thriving, and Native businesses are growing in strength and number both on and off reservations.

Native Peoples have built economic power, centered on the core values of **sovereignty**, meaning the ability for Native Peoples to govern all aspects of their enterprise visions, and **Indigenous definitions of wealth**, meaning financial success plus social wellbeing, community health, continuity of cultural practices, environmental connection, and other cultural values.

At the same time, there has long been a status quo of Native economic invisibility. For the most part, non-Native members of the public aren't aware of the economic dynamism in Indian Country, and investors and philanthropy aren't seeing the opportunities that exist to support Native enterprises. Indian Country has been chronically underfunded by both investors and philanthropy, and Native entrepreneurs continue to encounter gaps in access to specific kinds of capital. Our research explored catalytic capital as an approach to bridge these capital gaps and make Native economic power broadly visible.

Our research focused on the role that catalytic capital plays in forwarding self-determination and non-extractive investing for Indigenous Peoples in the United States. We explored how different actors have experienced recent catalytic capital investing opportunities in Indian Country. Our primary goal was to identify what is *actually* catalytic for Native entrepreneurs and Native communities, based on the experiences and expertise of Native entrepreneurs. We completed desk research to compile quantitative data on investments in Native-led projects; participated in broader philanthropic and Indigenous-led finance conversations and convenings; and conducted interviews with 22 practitioners comprising philanthropic investors, private investors, Native intermediaries, and Native entrepreneurs. From this data, we identified both success points and challenges around catalytic capital deployment in Indian Country.

This report shines light on the ways that impact-first investors, particularly those in philanthropy mobilizing PRI and MRI funds, can activate catalytic capital which ignites Native founders' self-determined visions for success. The mainstream definition of catalytic capital is capital which "accept[s] disproportionate risk and/or concessionary return [...] to generate positive impact and enable third-party investment that otherwise would not be possible."¹ Through this research, we found that when catalytic capital is successfully deployed in Indian Country, the way this capital is being successfully deployed differs from the deployment of catalytic capital in other contexts.

First, catalytic deals in Indian Country share several key characteristics—they operate at the pace of relationship, shift power through Native leadership, and enable long-term success through flexibility and renegotiation. Second, we found that there are numerous additional factors which, when added to the mainstream definition of catalytic capital, make this capital truly catalytic for Native entrepreneurs. We call this—the approach to catalytic capital which is successful in Indian Country—“**Catalytic Capital +**”. **Catalytic Capital +** includes:

+1

Grants, specifically grant capital coupled with investment capital as part of an integrated capital stack

+2

Clear commitments to long-term consistent capital delivery

+3

Technical assistance

+4

Right relationship, including connections to capital providers' social and professional networks

Several challenges emerged as themes in the deployment of catalytic capital in Indian Country. Native entrepreneurs and intermediaries must spend an outsized amount of time educating potential donors and investors about Indian Country; this undermines their ability to access capital in a timely manner. Lack of disclosures and quantitative data on capital flows from investors and philanthropy impedes investment; data justice is essential to build the field. Many investors and Native entrepreneurs are unfamiliar with creative finance; this limits opportunities for catalytic investments. Capital providers must reconsider traditional approaches to capital delivery in order to disrupt cycles of systemic racism and financial trauma. Investors' assumptions about capital provision and about Native Peoples can limit capital flows; to shift power to Native entrepreneurs investors must move past assumptions. And traditional capital structures and capital provision processes are often not flexible enough to support Native entrepreneurs; this creates restrictions in capital flow.

We also identified numerous success points in the deployment of catalytic capital to Native entrepreneurs. Access to start-up grant and investment capital in the early phases of a Native entrepreneur's or intermediary's initiative provides a runway to success. We also found that integrated capital which combines both grants and investments is the most catalytic form of capital for Native entrepreneurs. Relationships are a key determining factor for Native entrepreneurs' success; this includes building good relationships between investors and Native entrepreneurs, and connecting Native entrepreneurs to investors' social networks. The exponential growth and success of Native intermediaries has shifted the ecosystem in favorable ways for Native entrepreneurs and enterprises. And, there is an opportunity for Native organizations to build strategic partnerships and aggregated infrastructure for convening capital in order to receive larger investments and multiple kinds of capital, and to distribute integrated capital to Indian Country on a broad scale.

THIS REPORT ALSO HIGHLIGHTS THREE CASE STUDIES WHICH ILLUSTRATE **CATALYTIC CAPITAL +** IN ACTION:



NATIVE WOMEN LEAD

A Native women-led intermediary that specializes in relationship-based lending for Native women entrepreneurs



**WOLAKOTA
BUFFALO RANGE**

The world's largest Indigenous-managed buffalo herd



NAVAJO POWER

A renewable energy community benefit corporation

These case studies showcase emerging best practices and provide examples of successful investments to grow the field.

BASED ON THE CHALLENGES AND
SUCCESS POINTS WE FOUND IN
OUR RESEARCH, WE IDENTIFIED
A SET OF FIVE KEYSTONE
RECOMMENDATIONS TO EXPAND
CATALYTIC CAPITAL +
DELIVERY TO NATIVE PEOPLES:

- 1

Enact data justice
- 2

Center Indigenous-led intermediaries
- 3

Increase investor literacy in “Native Nations 101”
- 4

Promote integrated capital strategies
- 5

Invest in right relationship

Above left: Native Women Lead entrepreneur Rochelle Garcia, owner of Blue Corn Custom Designs, shows her products; photo credit: Roshan Spottsville. Above middle: Bison at Wolakota Buffalo range; photo credit: Zachary Straw, Straw Photography. Above right: A Navajo Power mobile solar system; photo credit: Navajo Power.

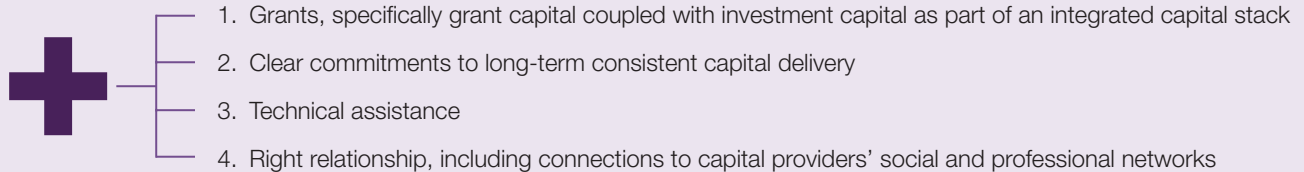
CATALYTIC CAPITAL

Capital which “accept[s] disproportionate risk and/or concessionary return [...] to generate positive impact and enable third-party investment that otherwise would not be possible.” (Tideline, 2019)

CATALYTIC CAPITAL +

The approach to catalytic capital which is successful in Indian Country. Catalytic Capital + includes several additional factors which, when added to the mainstream definition of catalytic capital, make this capital truly catalytic for Native entrepreneurs.

These factors are:



Rebalancing power is essential to reimagining capitalism and building more equitable economies, and shifting power toward Native entrepreneurs requires change at a systems level. These recommendations offer concrete steps to redistribute power in investing and finance to address structural racism and forward Native self-determination. This will support flourishing Indigenous economies which create wealth in alignment with Indigenous values such as financial success, social benefit, community wellbeing, environmental health, and cultural continuity.

When capital providers and Native entrepreneurs work together, they can successfully deploy **Catalytic Capital +** infusions and bring about new configurations of capital which drive Native economic power. Furthermore, Native entrepreneurs and intermediaries are crafting new, impactful approaches that are reshaping capital access in Indian Country. This report aims to build field-wide knowledge on the slice of capital that catalyzes the ability for a Native entrepreneur, organization, or enterprise to design and implement their long-term vision for business success—the infusion of capital that truly is catalytic of Native solutions.

Please see the glossary in Appendix A for definitions of the investment terminology that appears throughout this report.

INTRODUCTION

This report focuses on the role that catalytic capital plays in forwarding self-determination and non-extractive investing for Indigenous Peoples in the United States.

The primary goal of this research was to identify what configurations of capital and aspects of capital deployment are *actually* catalytic for Native entrepreneurs and Native communities, based on the experiences and expertise of Native entrepreneurs. Our findings shine light on the ways that impact-first investors, particularly those in philanthropy mobilizing PRI and MRI funds, can activate catalytic capital in ways that ignite Native founders' visions for success.

Through this research, we found that when catalytic capital is successfully deployed in Indian Country, the way this capital is being successfully deployed differs from the deployment of catalytic capital in other contexts. We call these successful approaches to catalytic capital in Indian Country “**Catalytic Capital +**” because we found that there are additional factors which, when added to the mainstream definition of catalytic capital, make this capital truly catalytic for Native entrepreneurs. Catalytic Capital + includes grants, specifically grant capital coupled with investment capital as part of an integrated capital stack; clear commitments to long-term consistent capital delivery; technical assistance; and right relationship. Furthermore, catalytic deals in Indian Country share several key characteristics—they operate at the pace of relationship, shift power through Native leadership, and enable long-term success through flexibility and renegotiation. We also found that by working together, capital providers and Native entrepreneurs are successfully deploying **Catalytic Capital +** infusions.

This report discusses the context of simultaneous Native economic strength and invisibility; highlights our findings around **Catalytic Capital +**; identifies eleven themes regarding the current capital landscape in Indian Country; and presents three case studies which highlight the successful deployment of catalytic capital to Native-led projects, alongside the immense social impact that these projects are making. We conclude with five recommendations which center on redistributing power in investing and finance to address structural racism, forward Native self-determination, and support flourishing Indigenous economies which create both wealth and social wellbeing.

DEFINING “INDIAN COUNTRY”

In alignment with the National Congress of American Indians’ definition, we use “Indian Country” to refer broadly to Native spaces and places within the United States, inclusive of the many tribal nations that occupy these spaces. We also use “Indian Country” to highlight the importance of investing in Native businesses that are located both on and off reservations.

According to the National Congress of American Indians, “The term ‘Indian Country’ is leveraged broadly as a general description of Native spaces and places within the United States, and it is inclusive of the hundreds of tribal nations that occupy these spaces. The term is used with positive sentiment within Native communities, by Native-focused organizations such as NCAI, and news organizations such as Indian Country Today. [...] When used appropriately, Indian Country takes on a powerful meaning, legally and symbolically, for all tribal nations. Indian Country is wherever American Indian spirit, pride, and community are found. It resides not only in law books, legislation, and historical treatises, but also on ancestral homelands, within our homes, and in the hearts of American Indian, [Native Hawai’ian] and Alaska Native people everywhere.”²

CONTEXT

This section discusses the strength of the Indigenous economy, the persistence of Native economic invisibility, the capital gaps that exist within Indian Country, and the research methods we used to answer the question “What is catalytic in Indian Country?”.

Native American economies are currently in a state of paradox. Two things are true. First, Native Peoples have built economic power. Native entrepreneurs are thriving, Native businesses are growing in strength and number both on and off reservations, and capital is beginning to flow to Indian Country. Second, there has long been a status quo of Native economic invisibility, and this invisibility persists. The invisibility of Native economies means that for the most part, non-Native members of the public aren't aware of the economic dynamism in Indian Country. This also means that investors and philanthropy aren't seeing the opportunities that exist to support successful Native enterprises.

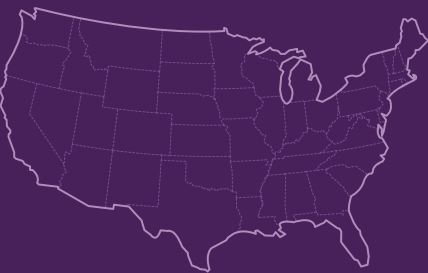
For these reasons, Native entrepreneurs often encounter gaps in the accessibility of certain kinds of capital, such as transitional capital between grants and market-rate investments or loans, patient investment capital, and venture capital. Native enterprises are ready to receive capital at all points along the full continuum of capital,³ however, capital providers are not seeing these opportunities. Our research explored catalytic capital as an approach to bridge these capital gaps and make Native economic power broadly visible.

The Ascendant Indigenous Economy

It's happening. Native entrepreneurship is thriving and capital is beginning to flow to Indian Country. The growth and emergence of Native enterprise is occurring in multiple segments including through Native sole proprietorships, Native-owned small businesses, 8a corporations, and many forms of tribally-owned enterprises with employment bases both below and above 500 employees. Tribal governments play a central role in building local economies via tribal enterprise, while Native small businesses play a vital role in uplifting these broader economies.

Organizations such as Native Women Lead spotlight the \$11 billion contribution of Native woman-owned small businesses to the economy in 2017.⁴ Enterprises like Navajo Power helmed by Navajo entrepreneur Brett Issacs have been showcased in mainstream media outlets, featured at investor conferences, and backed by major investors. Vancouver-based, Indigenous-owned and led impact investor Raven Indigenous Capital Partners raised \$75 million (USD) for their second Native-focused venture capital fund, which will fund companies led by Indigenous entrepreneurs in Canada and the U.S.⁵ The Eastern Band of Cherokee Indians' Kituwah LLC⁶ invested \$324 million to purchase the Sports Illustrated Resorts brand and fund the construction of new resorts;⁷ Kituwah LLC is now the brand's largest equity holder⁸ and is partnering with Authentic Brands, Experiential Ventures, and ADML Inc. on the venture. SAGE Development Authority (SAGE), a Section 17 Corporation of the Standing Rock Sioux Tribe, a public power authority,⁹ and a 100% Native-led organization dedicated to community development, institution-building, and self-determination for the Standing Rock Sioux Tribe, has successfully raised over \$5 million towards the development of their 235 megawatt Anpetu Wi Wind Farm and is currently seeking another \$10 million in grants and catalytic capital investments;¹⁰ SAGE exists to ensure energy independence, protect the environment, and promote economic growth in the region, for the Tribe.

Tribes are also raising capital to support ownership and co-ownership over their lands and resources. Tribes have received capital infusions to buy back portions of their traditional territories, for example the Passamaquoddy Tribe,¹¹ the Bois Forte Band of Chippewa,¹² and the Kashia Band of Pomo Indians.¹³ The Southeast Conference Alaska Mariculture Cluster, a coalition which includes Alaska Native Regional Corporation Sealaska, was awarded \$49 million through the federal government's "Build Back Better" challenge to catalyze a sustainable mariculture industry in Alaska.¹⁴ The Passamaquoddy Tribe's Indian Township Enterprise received a \$1.5 million loan from NDN Fund to take back control of their ancestral food system by buying equity in American Unagi, the only eel distribution aquaponic center in the US, and the tribe plans to found their own eel aquaculture business: Wabanaki Unagi.¹⁵



— THERE ARE AN ESTIMATED —
325,000
INDIGENOUS-OWNED COMPANIES
IN NORTH AMERICA.

**BETWEEN 1997 AND 2017,
IN THE UNITED STATES:**

GROWN BY 201%
NATIVE AMERICAN/ALASKA NATIVE
WOMEN-OWNED BUSINESSES

GROWN BY 493%
NATIVE HAWAIIAN/PACIFIC ISLANDER
WOMEN-OWNED BUSINESSES

\$38 BILLION
IN RECEIPTS

**AIAN BUSINESSES SAW A 15%
INCREASE FROM 2007 TO 2012**



The local ecosystem for strong Native businesses is in place. There are an estimated 325,000 Indigenous-owned companies in North America,¹⁶ and Native entrepreneurs are participating in a diverse range of industries.¹⁷ The number of Native-owned businesses has been increasing, with American Indian and Alaska Native-owned (AIAN) businesses seeing a 15% increase from 2007 to 2012 and over \$38 billion in receipts.¹⁸ In 2019, AIAN women owned 1.4% of all women-owned businesses, employed 64,898 people, and generated \$12.3 billion in revenue.¹⁹

Native women-owned businesses are growing at a faster rate than women-owned businesses overall—while the total number of women-owned businesses in the United States grew by 114% between 1997 and 2017, the number of Native American/Alaska Native women-owned businesses grew by 201% during the same time period, while the number of Native Hawaiian/Pacific Islander women-owned businesses grew by 493%.²⁰



IN CANADA:

INDIGENOUS PEOPLES CONTRIBUTED **OVER \$30 BILLION IN MARKET INCOME** (2016)



MORE THAN \$9 BILLION OF THAT FROM INDIGENOUS BUSINESSES



INDIGENOUS PEOPLES CONTRIBUTED **\$39 BILLION TO THE CANADIAN GDP** (2019)



\$115 BILLION NATIVE BUYING POWER IN THE U.S. IN 2018

TRIBAL GOVERNMENT



DIRECTLY **EMPLOYS**
350,000 PEOPLE



INDIRECTLY **SUPPORTS**
600,000 JOBS



GENERATES \$40 BILLION
ANNUALLY IN WAGES

Furthermore, many Native businesses aim to serve Native consumers (often in addition to serving other markets), and Native buying power is currently increasing—the buying power of Native consumers in the U.S. was estimated to be \$115 billion in 2018, and has increased 185% since 2000.²¹ In Canada in 2016, Indigenous Peoples contributed over \$30 billion in market income to the Canadian economy,

with more than \$9 billion coming from Indigenous businesses themselves,²² and in 2019 Indigenous Peoples contributed approximately \$39 billion (USD) to the Canadian GDP.²³ Tribal governments also make significant economic contributions—in the United States, tribal governments and tribally-owned enterprises directly employ almost 350,000 people, indirectly support an additional 600,000 jobs, generate \$40 billion per year in wages and benefits, and create a \$9 billion spillover impact in state and regional economies.²⁴

THE ENTERPRISES EXIST,
THE ECOSYSTEM IS READY,
AND THE TIME TO INVEST
IN INDIGENOUS ECONOMIC
POWER IS NOW.

The economic power in Indian Country is reflected by growing Native leadership and by consensus among Native entrepreneurs on two core values:

- The first value is **sovereignty**. Here this refers to the ability for Native Peoples to govern all aspects of their enterprise visions. In the case of capital deployment, sovereignty in action means listening to and uplifting the Native entrepreneur's values, vision, and decision-making without importing bias or solutions.
- The second value is that, for many Indigenous Peoples, **wealth means financial success *plus* social wellbeing, community health, continuity of cultural practices, environmental connection, and other cultural values**. As Carol Anne Hilton (Nuu-chah-nulth descent from the Hesquiaht Nation on Vancouver Island), Founder of the Indigenomics Institute and the Global Centre of Indigenomics, stated:

Indigenomics honors the powerful thinking of Indigenous wisdom of local economy, relationships, and human values. It is about increasing the role and visibility of Indigenous peoples in the new economy and understanding Indigenous ways of being and worldview. [...] [Indigenomics] is a system that reminds us that the intention of our Indigenous economies is to foster our well being, to live in ecological balance and prosperity, and to transfer Indigenous concepts of balance, wealth, and generosity across generations.²⁵

In the United States, NDN Collective's report *Community Voices on the Collective Abundance Fund* found that:

Wealth is defined differently from an Indigenous perspective than that of non-Indigenous people. The value of culture, community, and generosity are core principles in defining wealth. [...] Indigenous wealth is a quality of life and mindset that encircles family and community well-being and the care of relationships (i.e., self, family, extended family, community, land, environment), and a spirit of generosity. Money is a tool to support basic needs (e.g., safety, food, shelter, education) and bring financial security and self-determination so that one can live a "good life," abundant in social and cultural sharing.²⁶

There is significant opportunity to further build Indigenous wealth by increasing catalytic capital flows to Native people, businesses and communities, both on and off reservations. The enterprises exist, the ecosystem is ready, and the time to invest in Indigenous economic power is now.

Native Economic Invisibility

Despite all of the successes outlined above, Native economic invisibility persists. This invisibility stems from the broad erasure of Native Peoples across the U.S, which is rooted in settler colonialism and structural racism. Crystal Echo Hawk (Pawnee Nation of Oklahoma) designed and co-led the Reclaiming Native Truth project as CEO of Echo Hawk Consulting, and founded IllumiNative as an outgrowth of the project. As Echo Hawk explains, “Invisibility is the modern form of racism against Native Americans.”²⁷ The Reclaiming Native Truth project conducted an in-depth, national scale study which looked at public perceptions of Native Americans in the U.S., and shared the following findings:

Participants largely believe the Native population is declining. The problem of “invisibility” is a constant theme, and the saying “out of sight, out of mind” applies here as participants admitted that Native issues are not something they ever think about. This has led not only to false assumptions and misperceptions but also to a lack of real historical knowledge and context, which makes it hard for participants to empathize with Native Americans.²⁸

To most Americans, Native peoples are invisible in contemporary daily life, including in both actual lived experiences and in the world portrayed through pop culture, sports mascots, media, K–12 education and other sources. In the broader society, there is little awareness of the narratives of Native Americans in everyday roles in society, nor is there an accurate narrative about Native culture, history, contemporary life and communities. This finding is front and center across the research. The lack of visibility, relevance and humanization of Native peoples in modern life erodes support for Native issues and allows media-fueled stereotypes to persist.²⁹

The invisibility of Native Americans stems from historical erasure, and a broad unwillingness to acknowledge the settler colonial history of the U.S., which leads to a lack of public education and accurate media representation of Native topics.

The widespread invisibility of Native Americans extends specifically to a lack of awareness about Native economic power. Furthermore, Native economic invisibility may be more deeply entrenched than other forms of Native invisibility. For example, the Reclaiming Native Truth Project found that focus group participants did not discuss the economic assets of Native Americans, even when discussing other positive perceptions of Native Peoples. The report stated that “financial assets held by tribes and the economic development generated by tribes as well as other contributions to their local communities did not surface in the research.”³⁰ This is likely because, as the report found:

The dominant contemporary narrative of Native peoples is one of poverty. [...] It is extremely difficult to find any article in the mainstream media—let alone any public opinion data—showing positive developments in the Native community outside of efforts to maintain culture. And while Native-owned media and Native controlled social media highlight success stories regularly, they do not have good exposure outside Indian Country.³¹

These public perceptions are compounded by a widespread lack of data on Native enterprises and economies.³² This lack of data results in “invisible” tribal economies and stymies investor interest in supporting Native enterprises.³³ Our research also found that lack of data is a significant barrier to investment; this is discussed further on pages 39-40 and 84-85.

Native economic invisibility has resulted in chronic underinvestment in Indian Country. Private equity, venture capital, neobanks, and micro-lenders all have minimal presence in Indian Country.³⁴ Native organizations are also under-funded by philanthropy.³⁵ At the end of 2017, there was approximately \$1.7 trillion in the endowments of non-profit organizations in the U.S.³⁶ However, Native organizations receive little of this funding—while Native Americans comprise 2% of the total population in the United States, Native non-profits only receive 0.23% of philanthropic funds.³⁷ In a 10-year study from 1998 to 2009, Native Americans in Philanthropy found that foundation support benefiting Native Americans dropped from 0.5% to 0.3%, with only about \$68 to \$100 million invested annually in Indian Country.³⁸ First Nations Development Institute found that “From 2006 to 2014, annual giving by large foundations declined by 29%, a \$35 million decline in funding,” which means that “since 2006, on average, large foundations have given \$4.3 million less every year to Native American organizations and causes.”³⁹

WHILE NATIVE AMERICANS
COMPRISE 2% OF THE TOTAL
POPULATION IN THE UNITED
STATES, NATIVE NON-PROFITS
ONLY RECEIVE 0.23% OF
PHILANTHROPIC FUNDS.

Native economic invisibility also leads to higher perceived investment risk. The social, economic and legal landscape in Indian Country is foreign to most outside investors due to racist policies and systems that have obscured this history and context. Investors who are unfamiliar with Indian Country perceive investing in Native entrepreneurs as high risk and high

cost, which impedes the flow of private capital.⁴⁰ However, investors’ perceptions of risk do not reflect the thriving Native entrepreneurship sector. Because the Indigenous power-building currently taking place is not recognized within the financial ecosystem, investors are missing opportunities to fund economically viable and values-aligned Native enterprises.

In fact, there are huge opportunities to create the types of flexible, creative, and consistent capital flows necessary to elevate Indigenous enterprises. There is also enormous opportunity for philanthropy and Native social enterprises to collaborate to design values-aligned investment deals that create real and lasting social impact.

As discussed above, Native enterprises are experiencing growth and economic success, even within a deeply capital constrained environment. This suggests that with equitable access to capital, the flourishing of Native economies could be multiplied exponentially.

Gaps in Catalytic Capital

Entrepreneurship and economic creativity are abundant in Native economies. However, due to Native economic invisibility, Indian Country has been chronically underfunded by both investors and philanthropy. Furthermore, gaps in access to specific kinds of capital exist—gaps which catalytic capital can help bridge.

Capital delivery in Indian Country is uneven across the full continuum of capital;⁴¹ this stymies the growth of Native enterprises. For example, once a Native entrepreneur's business is ready for a larger capital infusion than grants can offer, many entrepreneurs have few choices other than to take on commercial loans or investments with market-rate terms. Indian Country is an ecosystem where there are often social or cultural theses woven into Native entrepreneurs' businesses. Accepting market-rate terms often distorts or derails the social or economic mission of these businesses. Market rate expectations are often misaligned with Native entrepreneurs' desired outcomes, and can be extractive, benefitting the capital provider more than they benefit the capital recipient or their community.

The capital landscape in Indian Country does not offer what is necessary to support even and organic growth of Native enterprises. This means that capital gaps then drive Native entrepreneurs' decision-making about the development of their businesses. Furthermore, when a Native entrepreneur encounters these capital gaps after launching their business, the gaps appear to investors as a lack of confidence, knowledge, or acumen on the part of the Native entrepreneur, which investors translate into an increased risk profile of the Native entrepreneur's project. Native entrepreneurs must then do additional work to gain access to capital and to de-risk their project, such as taking on grant-funded projects only to retain staff; creating additional entities for one business plan to receive different forms of capital according to investor preferences; or changing their business plan to reflect the constraints of the capital offered. These activities take significant time and resources and can delay meeting business goals, impact objectives, or financial milestones. So, the very activities meant to access capital and de-risk a project often restrict enterprise success.

Finally, where all entrepreneurial endeavors are inherently high risk, Native entrepreneurs experience undue burden as the risk profile of their venture is again overlaid with additional perceived risk due to investors' lack of knowledge or biases about doing business with Native entrepreneurs and in Indian Country. The result is that when Native founders wish to create a capital stack that matches their vision for enterprise success, uneven access to different forms of capital creates a chasm that can delay, diminish, or derail the Native entrepreneur's vision. Given the current paradigm, Native entrepreneurs must often choose whether to accept what limited capital is offered on unfavorable terms, or accept capital that is misaligned with their social, economic, or cultural values. The result is an extractive and one-sided relationship with capital providers that further entrenches Native economic invisibility; a pattern ripe for disruption.

DECOLONIZING FINANCE

“Decolonizing finance” describes the process of deconstructing economic relationships and systemic barriers that are rooted in colonial finance systems. Indigenous leaders such as Winona LaDuke, Edgar Villanueva, and Carol Anne Hilton have made immense contributions to the conversations around the problems of extractive capitalism and the merits of Indigenous economic models; the work of these leaders has driven the movement to decolonize finance. Native organizations such as NDN Collective⁴² are enacting decolonial models through their own funds. And non-Native organizations are working alongside Indigenous leaders to promote just economies via emerging impact frameworks and models such as solidarity economics,⁴³ non-extractive finance,⁴⁴ restorative economics,⁴⁵ social movement investment,⁴⁶ social justice investing (public markets),⁴⁷ deep impact investing,⁴⁸ just transition investing,⁴⁹ transformative investing,⁵⁰ community capital infrastructure,⁵¹ and integrated/full spectrum capital;⁵² examples of these organizations include Decolonising Economics,⁵³ Inclusive Capital Collective,⁵⁴ Justice Funders,⁵⁵ Movement Generation,⁵⁶ Center for Economic Democracy,⁵⁷ and the New Economy Coalition.⁵⁸

Catalytic capital is well suited to bridge these gaps. However, we must decolonize finance for catalytic capital delivery to be effective.⁵⁹ As Edgar Villanueva explains:

What ails philanthropy at its core is colonialism. Almost without exception, funders reinforce the colonial division of Us vs. Them, Haves vs. Have Nots, and mostly white saviors and white experts vs. poor, needy, urban, disadvantaged, marginalized, at-risk people (take your pick of euphemisms for people of color). [...] Philanthropy is the savior mentality in institutional form, which instead of helping—its ostentatiously proclaimed intent—actually further divides and destabilizes society. [...] All the institutions along the loans-to-gifts spectrum—I’ll use the term “funders” to encompass them all—are “ivory towers,” by which I mean institutions of racism and division. All these funders exist to preserve the wealth and privilege of a few, to separate them from the rest of us.⁶⁰

Money is like water. Water can be a precious life-giving resource. But what happens when water is dammed, or when a water cannon is fired on protesters in subzero temperatures? Money should be a tool of love, to facilitate relationships, to help us thrive, rather than to hurt and divide us. If it’s used for sacred, life-giving, restorative purposes, it can be medicine. Money, used as medicine, can help us decolonize.⁶¹

Deploying catalytic capital will not work if the process of delivery mirrors traditional forms of capital delivery. It will be catalytic of nothing new. In the reverse, it will perpetuate colonial delivery models. To date, philanthropy and impact investing have imported discriminatory practices from federal and private financial dealings with Indigenous Peoples. When colonial investment terms are replicated in a new context such as philanthropy or impact investing,⁶² without interrogation into how the terms themselves are extractive, these terms will continue to produce poor outcomes even in a “new” financial context. To decolonize finance, investors can explore creative approaches to redress extractive practices and build bridges that connect Indigenous Peoples with new, reimagined forms of flexible, patient, risk-tolerant capital aligned with economic, social, and cultural values.

The time is ripe to support flourishing Indigenous economies, centered on the self-determined goals of Native entrepreneurs. The question now turns to the best ways for investors to seed creativity and Indigenuity⁶³ through delivering appropriate, non-extractive, and consistent capital as aligned with Native entrepreneurs’ goals. A major finding of this research is that activating integrated capital mechanisms and catalytic capital in Indian Country has the most power to ignite creative, long-term enterprise visions. And, if done well, activating catalytic capital will spur new approaches to capital delivery in Indian Country that center Indigenous solutions. Capital then becomes an input to activate Native leaders’ visions, rather than driving their decision-making.

THIS IS SOVEREIGNTY.

Asking “What is Catalytic in Indian Country?”

Given the strength of the Indigenous economy in the face of ongoing Native economic invisibility and gaps in capital access, this research sought to illuminate the opportunities to activate catalytic capital in Indian Country. While recognizing that Native enterprises span multiple segments from sole proprietorships to small businesses to tribally-owned enterprises, we sought to identify high level trends regarding Native enterprises.

This report aims to build field-wide knowledge on the slice of capital that catalyzes the ability for a Native entrepreneur, organization, or enterprise to design and implement their long-term vision for business success—the infusion of capital that truly is catalytic of Native solutions.

THIS RESEARCH FOCUSED ON THREE QUESTIONS:

1

What role does catalytic capital play in forwarding self-determination and non-extractive investing for Indigenous Peoples in the United States?

2

How have different actors experienced recent catalytic capital investing opportunities in Indian Country?

3

Based on the experiences and expertise of Native entrepreneurs, what is *actually* catalytic for Native entrepreneurs and Native communities?

We used three methods of gathering data. We completed desk research to compile quantitative data on investments in Native-led projects; conducted interviews with 22 practitioners comprising philanthropic investors, private investors, Native intermediaries, and Native entrepreneurs; and participated in broader philanthropic and Indigenous-led finance conversations and convenings. These methods are described in more depth in the **Methodology and Investment Data Document**. Of note, each of the organizations partnering to conduct this research had completed extensive work in Indian Country prior and had background and existing relationships with Indigenous entrepreneurs, Native American and First Nation governments, philanthropy leaders, and investors.

CATALYTIC CAPITAL +

This section describes several overarching characteristics of catalytic deals in Indian Country, and presents our definition of Catalytic Capital +.

Investors' definitions of catalytic capital vary. Broadly, investors seek to invest catalytic capital in opportunities that mainstream commercial investment markets fail to reach. Catalytic capital has played a critical role in developing and de-risking what are now vibrant markets for impact capital and commercial capital. The Catalytic Capital Consortium (C3) defines catalytic capital as a subset of impact investing that addresses capital gaps left by mainstream capital, in pursuit of impact for people and planet that otherwise could not be achieved.⁶⁴ Tideline defines catalytic capital as "debt, equity, guarantees, and other investments that accept disproportionate risk and/or concessionary returns relative to a conventional investment in order to generate positive impact and enable third-party investment that otherwise would not be possible"; this capital can take on a seeding, scaling, or sustaining role.⁶⁵ Yet this definition does not necessarily interrogate traditional definitions of "risk" and "concessionary return". As noted by New Growth Innovation Network in their report on catalytic capital and BIPOC entrepreneurs:

Racialized definitions of risk continue to hold back capital. [...] The definition of catalytic capital itself should be evaluated whether it is based on stereotypical understanding of risk and return, even as it aims to target capital towards communities and individuals that are traditionally underinvested.⁶⁶

In this research, we found that investors and Native entrepreneurs who are operating successfully in Indian Country are working with catalytic capital in a very different way than encompassed in the definitions above.

Characteristics of Catalytic Deals in Indian Country

For the purposes of this research, catalytic deals are those which Native interviewees stated supported their ability to ignite their entrepreneurial visions and enact their values. We identified several characteristics of successful catalytic capital delivery in Indian Country. All of these characteristics point to shifting power in the fields of philanthropy and impact investing to uplift Native enterprise visions. We found that successful deals:

1 OPERATE AT THE PACE OF RELATIONSHIP

Numerous interviewees emphasized that successful investments were those where capital providers placed value on operating at the pace of relationship,⁶⁷ as opposed to a timeline imposed by regulatory bodies or foundation timetables. The pace of each relationship is unique; respecting this pace and operating in ways that are appropriate to the relationship is foundational to working in partnership. Importantly, successful capital providers did not associate extended time periods with risk, but rather saw these timelines as opportunities to build good relationships as an onramp to making an investment.

To build positive relationships, successful capital providers proactively acknowledged and confronted the power imbalance between themselves and Native entrepreneurs. Capital providers did this by allowing ample time to develop relationships with Native entrepreneurs; by admitting to needing to learn alongside Native entrepreneurs throughout the investment process; by taking time to understand the economic, legal, and cultural history of Native Peoples; and by providing Native entrepreneurs with resources for technical assistance when necessary. When investors rebalance power between themselves and Native entrepreneurs, both parties are able to build a relationship characterized by reciprocity and mutual flourishing.

2 SHIFT POWER THROUGH NATIVE LEADERSHIP

Catalytic capital shifts power by putting the needs of Native entrepreneurs before the needs of donors and capital providers. This allows the full context of the Native entrepreneur's vision, values, and economic ecosystem to emerge to drive the deal rather than allowing the capital terms or outside timelines to drive the deal. Capital terms have generally been designed as responsive only to majority needs and traditional return on investment (ROI) criteria. These traditional criteria can hide good opportunities from willing investors, and often exclude Native enterprises. Putting the needs of Native entrepreneurs first is a radical shift to accomplish in the field; even within impact investing. And it is the necessary beginning of systems change to unlock the full economic potential of Native ingenuity. Successful capital providers set aside their own expectations, listen to their Native partners, and respond to what those partners actually need. This rebalancing of power is also a critical component of reimagining capitalism.⁶⁸

3 ENABLE LONG-TERM SUCCESS THROUGH FLEXIBILITY AND RENEGOTIATION

We found that flexibility from capital providers throughout the course of an investment enabled Native entrepreneurs' long-term success. Not all successful investments we reviewed were completed in the timeline, or on the terms, or with the initial goals, first contemplated by capital providers and Native entrepreneurs. Many terms were renegotiated; some deals were smaller than initially contemplated; and some entrepreneurs couldn't make payments as initially negotiated. Both capital providers and Native entrepreneurs felt that these experiences were negative, however, they also reported that in many cases the inflection point of renegotiation was catalytic of a better investment in the long term. Several successful investments included moments in their story when the Native entrepreneur had to call the capital provider and either ask for an extension, ask for payroll assistance, or ask for help to attract other capital providers. In general, capital providers appreciated these moments for the clarity of communication and for the opportunity to be able to step in with assistance to the extent that they could. Many capital providers chose to renegotiate terms, rather than end the deal or force an unfeasible pay schedule. And many Native entrepreneurs were able to gain clarity in their ask in the second round having been through a negotiating experience before. These "second round" moments built knowledge, trust, and ultimately, consistency as capital was able to flow at a different rate than initially contemplated, to match the emerging needs of the Native enterprise. And, the learning from these moments built a foundation for investors and Native entrepreneurs to continue conversations into future rounds of funding.

4 DEPLOY "CATALYTIC CAPITAL +"

We found that elements of the mainstream definition of catalytic capital were often present in successful deals in Indian Country, and that while necessary, these elements alone were not sufficient. Research participants stated that most of their catalytic deals were negotiated with a below-market return rate, with an extended timeline, and with a clear values-centric thesis as part of underwriting. They were reported as risk-adjusted returns via Program-Related Investment (PRI) or Mission-Related Investment (MRI) disclosures, if disclosed at all. However, there were many additional components that fed into successful investments—those that were catalytic of the Native entrepreneur's vision and goals—that we assert that the definition of catalytic capital most aligned with Indian Country is one of **Catalytic Capital +**.

Catalytic Capital +

Our research identified several additional elements which, when added to a “traditional” catalytic capital definition, make that capital truly catalytic for a Native entrepreneur. These include:



Grants



Clear commitments to long-term consistent capital delivery



Technical assistance



Right relationship

GRANTS

There are a variety of tools within integrated capital approaches which investors can deploy as catalytic capital, such as grants, recoverable grants, PRIs, MRIs, and loan guarantees. However, most definitions of catalytic capital, including those put forward by C3 and Tideline,⁶⁹ do not consider grants as catalytic capital except in limited instances.⁷⁰ With this research, we found that grants are an essential element of catalytic capital for Native entrepreneurs, specifically in combination with other forms of investment. Native enterprises have been consistently undercapitalized due to chronic underinvestment by philanthropy and other capital sources.⁷¹ As such, grants play an immensely important role in Indian Country, both in spurring catalytic capital and playing the role of catalytic capital themselves. Grants allow Native enterprises to build capacity and infrastructure (for example salaries, office rent, computers, databases, travel, communications, marketing, idea generation, networking, and strategic planning) to get to a place of readiness for bigger investments. Grants also make capital stacks viable in situations where Native entrepreneurs must overcome systemic inequities to build their businesses. In our research, we found that grants are foundational to the definition of catalytic capital in Indian Country.

We found that catalytic grants are either a common precursor to, or integrated within, a larger blended pool of investment capital. Many research participants in the financial sector spoke about grants as a type of investment capital, and we found ample evidence of grants being deployed as capital into transactions (e.g. as equity-like financing in developing early-stage ventures, or a first-loss layer of credit enhancement in the capital stack of a blended transaction). In some cases, these grants are also recoverable, i.e., they contain provisions for repayment if certain conditions are met.

Grants are an essential tool in the catalytic capital toolbox, however, grants alone are not enough to catalyze most Native entrepreneurs' visions. Native entrepreneurs and Native intermediaries stated that grants were necessary as a precursor to receiving any integrated capital and also as a parallel component of integrated capital deals throughout the timeline of the deal. In many cases, grants were catalytic in assembling a larger pool of investment capital. Thus, our research indicates that what is catalytic to Native entrepreneurs is when **grant capital is coupled with investment capital as part of an integrated capital stack**. This is a key element of **Catalytic Capital +**.

This approach is in line with integrated capital strategies, and more specifically with full spectrum capital strategies, which take the view that for every capital outflow, each dollar has a financial as well as impact return and that negative percentage financial returns are acceptable when they are balanced with a non-monetary return on investment such as social impact.⁷² A negative percentage financial return could include anything from a grant or expense (-100% return) to an integrated capital investment that returns -100%, -99%, -98%, ... -1%, etc. In an interview for this research, Dr. Stephanie Gripne, Founder and CEO of Impact Finance Center and Impact Investing Institute, emphasized that integrated, full spectrum capital approaches become catalytic when the return rate is based on what the entrepreneur or community receiving the capital wants and needs versus what the capital steward wants to invest. Dr. Gripne recommended that capital providers (e.g. individuals, foundations, or corporations) reverse engineer integrated full spectrum capital internally (e.g. donations + retirement investments, grants + program related investments + endowment investments, or treasury + corporate social responsibility, and human resources, respectfully). This internal blending of finance allows the capital steward to still achieve their financial goals while providing an often negative blended return to the Native entrepreneur, resulting in a true “win-win.”⁷³

COMMITMENTS TO LONG-TERM CONSISTENT CAPITAL

The combination of grant and investment capital in an integrated capital stack provides the runway and timeline necessary for Native entrepreneurs to both design and implement their visions, *while simultaneously* diminishing the investment bottlenecks that have historically quashed the development of Native enterprises. Grants alone allow Native entrepreneurs to complete some design and only minimal implementation of big visions, as the grant cycle takes significant time to renew or seek new grants, and may require shifts of focus away from the big vision. Investments allow Native entrepreneurs to fully implement their business plans. Yet without the runway that grants provide as early-stage capital, many Native entrepreneurs are not investment-ready or “fail” on first fundraising rounds due to misalignment of capital providers’ expectations and Native entrepreneurs’ realities. Research participants emphasized that the two together—grants and investments—allowed for Native entrepreneurs to complete the full process of design, implementation, iteration, renegotiation and re-design without losing alignment with their overall goal. Grants also give time for Native entrepreneurs to proactively mitigate and remove historic challenges related to systemic racism. Importantly, integrated capital stacks incorporating grants and investments can be provided from a single investor or foundation, or pooled from multiple capital providers to meet the needs of both the entrepreneur and the investors—both models proved to be catalytic to Native entrepreneurs.

Further, Native entrepreneurs stated that it was the consistency of capital, knowing that investment was in place after grants, that allowed them to boldly assert their enterprise value, with that boldness rewarded in enterprise success. When a capital provider makes a commitment to provide long-term, consistent capital, this commitment creates the stability necessary for the Native entrepreneur to devote their time to building and scaling their enterprise, rather than spending bandwidth continually searching for the capital necessary to take their next step. At its core, **Catalytic Capital +** shifts power by providing certainty to the Native founder that they have the resource inputs necessary to enact their vision without compromise, in relationship with capital providers who desire mission and economic success as well.

TECHNICAL ASSISTANCE

Another element of **Catalytic Capital +** is technical assistance provided to the Native entrepreneur. This technical assistance can be provided either by the investor or a Native intermediary, and can include support with topics such as book-keeping, business planning, developing terms and going through the underwriting process, etc. It is important that technical assistance is values-aligned and culturally relevant wherever possible. Native technical assistance providers offer the most culturally relevant support. Furthermore, hiring Native technical assistance providers is the most equitable approach—when non-Native firms receive profitable contracts that could instead be directed to Native-led operations, this mirrors the extractive practices that are common throughout Native Peoples' interactions with the financial sector.

RIGHT RELATIONSHIP

Right relationship is another key element of catalytic capital in Indian Country. As described above, one aspect of right relationship is building good relationships between capital providers and Native entrepreneurs, which requires time, intentionality, and attention to rebalancing power. Right relationship is characterized by trust, understanding, communication, boundaries, clarity of roles, reciprocity, and mutual flourishing.

A second aspect of right relationship is connection to social networks. Our research found that funders who provided **Catalytic Capital +** introduced Native entrepreneurs to new funding partners and to relevant subject matter experts. These introductions can catalyze additional investments into the Native enterprise, and support the Native enterprise's stability and growth via access to support from relevant subject matter experts. Some catalytic funders assisted with convening other capital providers to make an investment into a Native enterprise, and provided education to these new investors to bring them up to speed on both investing in Indian Country and on the specific investment opportunity. Investors' social and professional networks are powerful assets; by connecting Native entrepreneurs to these networks based on the entrepreneurs' needs, goals, and preferences, investors can open up a new level of access and participation for Native entrepreneurs.

On pages 34-38, 52-59, and 73-79 we present three case studies which illustrate **Catalytic Capital +** in action.

USING CATALYTIC CAPITAL TO CAPITALIZE A NATIVE BUSINESS



The capitalization of a Native business may require multiple forms of capital across several time-steps as the business matures. This capital may have financial return and/or non-return expectations. In this illustrative case, grants, recoverable grants, debt, loan guarantees, revenue based financing, and equity financing mechanisms are used to support the business. The grant in time periods two and three and the loan guarantee were all catalytic, as they de-risked the transactions, brought additional investors into support the business, and created the flexible conditions that the business needed to thrive.

INSIGHTS ON THE CAPITAL LANDSCAPE

When Native entrepreneurs seek capital and when investors seek to invest in Indian Country, they encounter bottlenecks and challenges which can limit investment.

At the same time, in our interviews and quantitative data we found that Native entrepreneurs and capital providers are overcoming these challenges by creating pathways to work together.

The following recurring themes are drawn from interviews with Native entrepreneurs, Native intermediaries, investors, and members of the philanthropic sector as well as our quantitative analysis of available investment data.

1

START-UP CAPITAL IS A RUNWAY TO SUCCESS

Access to start-up grant and investment capital in the early phases of a Native entrepreneur’s or intermediary’s initiative provides a runway to success.

A key theme brought up by interviewees is that Native enterprises need access to start-up capital to create a solid runway to success. Start-up capital is catalytic in that it supports entrepreneurs to move from idea phase, to pilot, to tested with proof of concept, to being an investable project. For entrepreneurs, having adequate time and capital to fully complete research and development can make the difference between a successful business and one that never gets off the ground.

There are systemic inequities in access to start-up capital. Launching a small business costs about \$31,000,⁷⁴ and within their first year of business small business owners spend an average of \$35,000 for online only businesses, \$92,500 for mobile businesses, and \$100,000 for storefront businesses.⁷⁵ Many entrepreneurs first turn to personal friends and family for these funds. Jessica Norwood identified a gap in this “friends and family” capital for black entrepreneurs, and created Runway to close this gap.⁷⁶

THE **MEDIAN NET WORTH**
OF NATIVE AMERICAN
INDIVIDUALS IS \$9,442—
 9% OF THE MEDIAN NET
 WORTH OF \$108,506 FOR
 OTHER INDIVIDUALS



MEDIAN WEALTH BETWEEN DIFFERENT HOUSEHOLDS



NATIVE AMERICAN
HOUSEHOLDS




BLACK
HOUSEHOLDS



WHITE
HOUSEHOLDS

A similar gap in “friends and family” capital exists for Native entrepreneurs. Based on statistics from a study conducted in 2000, adjusted for inflation,⁷⁷ the median net worth of Native American individuals is \$9,442—9% of the median net worth of \$108,506 for individuals in the study sample overall.⁷⁸ More recently, in 2016 the median net worth of white families was \$171,000.⁷⁹ Another study compared data from Native CDFI Four Bands Community Fund to data from the Federal Reserve Board’s Survey of Consumer Finances (SCF)⁸⁰, and found that “The median wealth, or net worth, in the Four Bands sample was roughly \$5,524, while the median net worth of a Black household was \$20,730 and the median net worth of a White household was \$181,440.”⁸¹ These studies underscore the significant difference in the size of the pool of “friends and family” capital available to Native entrepreneurs. Our research participants confirmed that lack of access to “friends and family” capital is a barrier for Native entrepreneurs.



OUR RESEARCH FOUND THAT GRANTS AFFORD NATIVE FOUNDERS TIME TO BE CREATIVE AND RELATIONSHIP-BASED IN THEIR WORK.

Native entrepreneurs also experience inequitable access to start-up capital from investors. Angel investors overlook Native entrepreneurs—for example, in their Annual Report on Angel Investing in Canada, the National Angel Capital Organization states that “there continues to be a distinct under-representation of Black and Indigenous founders” in the start-up community in Canada.⁸² Venture capital has also historically overlooked Native enterprises due to a lack of connections between Native entrepreneurs and investors, and investors’ gaps in knowledge about Native enterprises.⁸³ Overall, due in part to data gaps which inhibit potential investors, private investors and commercial banks “often don’t extend the same opportunities to Indian Country as they do to other groups.”⁸⁴ Our research participants emphasized the importance of runway capital to address these gaps.

Research participants also emphasized that Native intermediaries, such as loan funds, business incubators, and community development financial institutions (CDFIs), need a runway to create their organizations and build much-needed financial infrastructure. Native intermediaries are working to create change in systems defined by entrenched structural racism. They need time and space to design innovative solutions and enact Indigenous alternatives to traditional financial delivery methods. In interviews, both Vanessa Roanhorse (Diné (Navajo) citizen), Co-founder of Native Women Lead, and Keoni Lee (Native Hawaiian), CEO of Hawai’i Investment Ready, cited an anchor philanthropic partner as enabling their ability to have the runway necessary to innovate services and programs, to build community relationships, and to hire necessary staff that are tested, culturally appropriate, and robust for growth and expansion.⁸⁵

Our research found that grants afford Native founders time to be creative and relationship-based in their work. Yet Roanhorse and other Native leaders reported that many philanthropists and investors remain unaware of the needs of Native financial institutions for sufficient time and resources to design, create, and scale Native-led institutions which serve Native communities and entrepreneurs.

2

“NATIVE NATIONS 101” DRAINS ENERGY

Native entrepreneurs and intermediaries must spend an outsized amount of time educating potential donors and investors about Indian Country; this undermines their ability to access capital in a timely manner.

Another common theme discussed by interviewees was that Native entrepreneurs spend an excessive amount of time educating investors about Indian Country. Many investors feel hesitant to make an investment commitment because they lack basic knowledge about investing in Indian Country such as Native history, the political status of Native nations, and the legal landscape of tribal enterprise. To address investors' knowledge gaps, Native entrepreneurs must spend a significant amount of time educating potential investors and providing a “Native Nations 101”.

Native research participants stated that when they meet with an investor, they are looking to share their ideas, visions, and plans, and to discuss funding opportunities; however, these conversations are often diverted into the Native entrepreneur spending time building the investor's knowledge base about Native Peoples and tribal enterprise. Investors and funders expect Native entrepreneurs to provide this information, but they do not recognize this as a unique burden carried by those entrepreneurs. Numerous Native interviewees stated that repeatedly providing a “Native Nations 101” to each prospective investor is exhausting and drains organizational capacity. This also prevents entrepreneurs from moving forward into conversations about funding, hindering progress towards their actual goals.

INVESTOR SELF-EDUCATION

To address this issue, investors can begin the process of self-education prior to meeting with a Native entrepreneur by exploring existing resources (see **Appendix B: Native Nations 101 Resources**). Investors can also turn to Native organizations who are offering education. Moreover, donors and investors can hire Native economic development consultants to provide relevant context as they source investments, and offer guidance on local cultural competence.

Research addressing the relationship between Native communities and philanthropy also highlights similar findings. For example, a report by The Center for Effective Philanthropy shared comments from Native non-profit leaders that underline the importance of investor self-education.⁸⁶ And research from The Notah Begay III Foundation summarized comments from Native-led, youth serving organizations and recommended that funders “Do the Homework”, saying:

Continuous education of funders and other stakeholders is exhausting, as was stated on multiple occasions by participants. Coupled with this, educating non-Native people about Native identity and struggles is not yielding significant increase in funding. Funders should educate themselves about the community before engaging the community in projects or funding opportunities. Just as the [Native] organizations must educate themselves about their funding partners, so too would it make sense for funders to do the same in regard to Native and Indigenous communities.⁸⁷

INVESTOR PEER-EDUCATION

Another important strategy is for funders and investors who are already investing in Indian Country to educate new investors. Our research found that many capital providers who invest in Native enterprises are repeat investors; these investors have a strong knowledge-base which can assist others to build their capacity on investments in Indian Country. We also found that investors are engaging in peer-education in specific instances, most often when they are called upon by another investor or a Native partner to do this work, and we found that this investor peer-education is successful. We present this finding as a call to action for donors and investors to enact allyship in action and build their practice of educating their peers even when they are not specifically called upon to do so. When investors help educate other investors, this mitigates excessive demands on Native entrepreneurs' time and wisdom, which allows Native entrepreneurs to instead spend their time building their enterprises.

GETTING TO A TIMELY “NO”

Another crucial point is that early on in interactions with a potential funder, there is an acute tension that develops at the point that the Native entrepreneur is spending an outsized amount of time providing Native Nations 101 information to an investor who isn't sure whether they have the ability to step in with financing support. In interviews many Native leaders expressed frustration at the amount of time spent on education where the investor is interested in learning but in the end, the investor wasn't able to provide meaningful support and had known that fact for an amount of time. Native entrepreneurs' time is a limited resource; investors who are interested but ultimately do not have the resources or authority to move funds need to say “no” in a timely fashion if they are unable to provide resources. Clarity in communication is necessary as is a time-sensitive commitment. “Be clear about what help you can make available, and get to a quick ‘no’,” advises Y. Elaine Rasmussen, CEO of Social Impact Now!.⁸⁸ Rasmussen also emphasized that if a capital provider's investment strategy or other circumstances change later on, they should revisit the Native entrepreneur when there is a possible pathway to a “yes”.⁸⁹



CASE STUDY

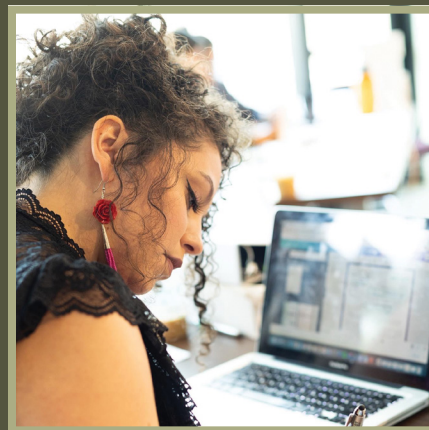
NATIVE WOMEN LEAD—RELATIONSHIP-BASED LENDING BY NATIVE WOMEN, FOR NATIVE WOMEN



SINCE INCEPTION IN 2017,
THEIR THOUGHT-LEADERSHIP
HAS BEEN CRITICAL
TO REINVENTING
UNDERWRITING CRITERIA.

A pillar of innovation, Native Women Lead has successfully created capital access for Native women entrepreneurs, filling a void in the capital landscape. Their mission is to revolutionize financial systems and inspire innovation by investing in Native women in business.⁹⁰ Since inception in 2017, their thought-leadership has been critical to reinventing underwriting criteria, for example their 5 R's of rematriation⁹¹ "reimagine the 5 C's of credit to increase equity and access that leads to repair and reparations for those most harmed by capital systems".⁹²

Above: Candace Hamana (Cahokia PHX) collaborating with Native Women Lead's The Future is Indigenous Women (TFIIW) Circle of Support Team. Photo credit: Roshan Spottsville.



In their work as an intermediary Native Women Lead has distributed over half a million dollars to Native women throughout the Southwest,⁹³ and they plan to distribute \$10 million via their upcoming Matriarch Revolutionary Fund. Native Women Lead provides wrap-around support which weaves together loans, grants, business technical assistance, mentorship, financial education, coaching, credit enhancement, loan forgiveness, and loan repayment support.⁹⁴ They creatively redesign existing financial tools to create the most impact for Native women's businesses. For example, they provided integrated capital to their borrowers via their Matriarch Response Loan Fund by utilizing a grant from NDN Collective⁹⁵ to fund loan forgiveness once the borrower repays half of the loan.⁹⁶

Receiving catalytic capital was key to enabling Native Women Lead to enact their values and honor Indigenous worldviews to design effective capital products with and for Native women. Their leadership mentioned the following aspects which made this capital *catalytic*.

FIRST, WHEN MAKING CATALYTIC DEALS THE ORGANIZATIONS, ENTREPRENEURS AND PROGRAM OFFICERS INVOLVED ALL LEARNED BY DOING.

Vanessa Roanhorse (Diné (Navajo) citizen), Co-founder of Native Women Lead and CEO of Roanhorse Consulting LLC,⁹⁷ spoke about her first experience receiving a Program Related Investment (PRI), which prepared her to later seek PRIs as part of Native Women Lead's capital stack. Roanhorse Consulting worked in partnership with Nusenda Credit Union⁹⁸ to create Co-op Capital⁹⁹ (a relationship-based, community circle micro-lending program).¹⁰⁰ Through this partnership, they obtained a flexible, low-interest PRI from W.K. Kellogg Foundation (WKKF) to pilot the program; the PRI provided \$750,000 which they matched with money from Nusenda. This structure gave them familiarity with terms, and experience utilizing a low-interest PRI as lending capital, collateralizing their loans with grant dollars, and employing tenets of relationship-based lending. Roanhorse noted this deal was an integrated capital "first" for everyone at the table—everyone admitted what they didn't know and engaged in the process of learning together.¹⁰¹

Above left: Native Women Lead entrepreneur Tashena Lopez, owner of Local Matriarch, holds a woven basket; photo credit: Roshan Spottsville. Above right: Turquoise Skye Devereaux, owner of Indigenous Skye LLC, participates in a Native Women Lead Circle of Support class; photo credit: Roshan Spottsville.



SECOND, RIGHT RELATIONSHIPS ARE KEY.

This includes values alignment, a shared commitment to the work, and transparency on paper up front. Nusenda Credit Union cultivated a strong relationship with a Program Officer of WKKF and with the leadership of Roanhorse Consulting via longstanding grantmaking; additionally, Roanhorse Consulting had deep relationships with partner organizations. These relationships allowed for an honest design process, and enabled the project to move forward with the backing of the \$3 billion in assets that the credit union leveraged with their infrastructure to activate a PRI with partners who were new to a PRI investment. Co-op Capital later obtained several smaller PRIs, and in 2020 Nusenda Credit Union decided to fully collateralize the program themselves. WKKF also made yearly grants which Co-op Capital regranted to lending partners to support their operations. Co-op Capital now has 19 community lending partners,¹⁰² has lent nearly \$2 million, has a 98% repayment rate on the loans they've made, and has supported three organizations to launch their own funds.¹⁰³

THIRD, CATALYTIC CAPITAL IS STRUCTURED TO SUPPORT CAPACITY BUILDING, STABILITY, AND A RUNWAY TO LONG TERM SUCCESS.

Starting in 2020, Kataly Foundation¹⁰⁴ provided multi-year grants for Native Women Lead to design and hone the model for their Matriarch Funds. Kataly's up front multi-year commitment allowed Native Women Lead to focus solely on the work, rather than devoting additional time and internal resources to secure year-to-year funding for their team. This stable runway enabled them to use the grants to build organizational infrastructure, vision their model, and deploy a new financial toolbox that would shift power towards Native women.

Above left: Rocio Francis, owner of Morning Mist Soap Co., pitching her business as part of a Native Women Lead Circle of Support class; photo credit: Roshan Spottsville. Above right: A Native Women Lead Circle of Support class participant pitching their business to peers; photo credit: Roshan Spottsville.

FOURTH, CATALYTIC PARTNERSHIPS ACKNOWLEDGE WHERE POWER SITS.

An ongoing challenge for Native founders is that they often must validate and prove their model repeatedly to each new prospective investor. Roanhorse emphasized that Kataly never doubted the validity of what Native Women Lead was building. Instead, Kataly entered with trust because of their interest in Native Women Lead's successful approach to character-based lending, and their shared alignment with Restorative Economics. Kataly did the heavy lifting on due diligence, asked questions to understand the model, and established a relationship without burdensome reporting requirements. In lieu of a proposal or defined impact metrics, Kataly requested ongoing conversations to understand Native Women Lead's goals and whether they had moved the needle through their use of the funds. Kataly also made introductions to additional investors and brought them up to speed, which allowed these investors' initial conversations with Native Women Lead to move beyond "tell me *why* we should support you" and begin instead with "tell me *how* we can support you in getting where you're going."¹⁰⁵

In 2020, Common Future¹⁰⁶ approached Native Women Lead with a concept for a character-based lending fund designed by, with, and for BIPOC businesses.¹⁰⁷ Common Future sought Native Women Lead's feedback, and asked if they would like to partner, what they needed, and how they wanted to receive the funds. Native Women Lead responded with an amount and which terms were their non-negotiables. Common Future then "went silent" for a few months while they met with investors, gathered funding commitments, and provided due diligence. Ultimately, Common Future raised the entire fund and made sure that the funds met Native Women Lead's specifications and terms. The funds were held by a partner, Community Credit Lab;¹⁰⁸ Community Credit Lab directly administered these funds to Native Women Lead's entrepreneurs. Common Future's work as capital syndicator shifted power in an equitable way. Catalytic partners recognize who is doing the heavy lifting and use their privilege to do labor that is triggering and problematic for Native entrepreneurs, who may not have the necessary relationships, familiarity with financial jargon, or experience with navigating investment structures.¹⁰⁹



Above left: Native Women Lead's Circle of Support sessions welcome children and families during class; photo credit: Roshan Spottsville. Above right: A Native Women Lead The Future is Indigenous Women (TFIW) Circle of Support Class Participant; photo credit: Roshan Spottsville.



FIFTH, CATALYTIC PARTNERS SHIFT THE BURDEN OF EDUCATING THE FIELD AWAY FROM NATIVE ENTREPRENEURS.

Too often Native entrepreneurs must devote a significant portion of their time to educating potential investors and providing a “Native Nations/Indian 101”; this is exhausting (emotionally, mentally, physically, and spiritually) and drains organizational time and capacity. When Native Women Lead started working with Common Future, Common Future brokered conversations around education and validation so that Native Women Lead did not have to provide background to new investors about Native nations and finance in Indian Country. Common Future served not only as champions and advocates, but also as protectors so Native Women Lead could do the actual work of designing strategic tools with and for Native women entrepreneurs.

Native Women Lead’s ability to create value-centered solutions from the ground up is novel and urgently needed, and their innovation has only just started. In 2021 they received a \$10 million grant from the Equality Can’t Wait Challenge, in partnership with New Mexico Community Capital.¹¹⁰ And, they are designing future funds to move larger amounts of capital to Native Women’s businesses. Native Women Lead’s story demonstrates how catalytic capital can specifically be catalytic of ambitious ideas, big visions, and expansive theories of change, built over decades to benefit generations.



Top: Native Women Lead TFIW team members create a circle in the Bosque in Albuquerque, NM; photo credit: Vladimir Chaloupka. Bottom: Hillary Frost, a Native Women Lead Circle of Support Team member, stands next to the Rio Grande river; photo credit: Vladimir Chaloupka.

3

DATA JUSTICE IS VITAL

Lack of disclosures and quantitative data on capital flows from investors and philanthropy impedes investment; data justice is essential to build the field.

Numerous organizations have reported that there is a persistent lack of data about investments in Indian Country.¹¹¹ Our research confirmed that there is a pronounced lack of data on capital flows from investors and philanthropy (and more specifically on catalytic capital delivery) in Indian Country. Our methods and results are discussed in depth in the **Methodology and Investment Data Document**.

Our research team collected quantitative data on 93 organizations, focused on the amount and structure of the funding these organizations provided to Native enterprises and Native-led projects. We also collected more detailed data on a subset of 19 organizations, looking at their investments in Indian Country between 2012 and 2022. To collect this data, we spent over 200 hours searching organizations' websites, PF-990s, publicly available financial audits, and news articles. Ultimately, we found that there were significant gaps around the quality and quantity of the information available. Furthermore, our team was aware of far more investments than found when scanning foundation disclosure documents, and we knew that foundations employ more catalytic terms than reported upon in their PF-990s, websites, and reports. This indicates that the available data does not show the whole picture of investment in Indian Country.

We identified the following data gaps:

- Reporting was uneven and non-standardized both within and across philanthropic grants, philanthropic investments, government grants, and private investments.
- Reporting of investments on PF-990s is minimal and thus reads as incomplete, and is often hard to decipher, not timely, and/or does not clearly articulate how capital was used.
- The information organizations provide about investments lacked clarity as to the kind of capital and how it was structured, for example whether loans were collateralized, and the structures involved in investments that were not debt or loan based.
- Interest rates and loan terms were provided infrequently.
- Not all grant information was listed on foundations' websites.
- It is difficult to know when capital is being used as "catalytic"; for example it is rare for data to show when multiple pools of capital were integrated in a transaction.
- Investments or grants from donor advised funds are impossible to track due to lax reporting requirements.¹¹²

GIVEN THE LIMITED ABILITY TO ASSESS ACTUAL CAPITAL FLOW, FOUNDATIONS AND IMPACT INVESTORS ARE UNABLE TO ASSESS WHERE THEIR CAPITAL MAY BE CATALYTIC.

These data gaps undermine capital providers' accountability and inhibit Native leaders' ability to build data-based arguments when seeking grants and investments. These data gaps also hinder fulsome understanding of when, how and where catalytic deals are being done. Only a small part of the catalytic capital story is shared to the detriment of growing this field.

Given the limited ability to assess actual capital flow, foundations and impact investors are unable to assess where their capital may be catalytic. Similarly, entrepreneurs are unable to identify potential sources of catalytic capital. The lack of data also means that foundations and impact investors interested in deploying capital in Indian Country can rarely identify the appropriate entry point(s). A field-wide solution to lack of data is needed.

Lack of disclosures is fundamentally an issue of data justice. Native Peoples experience inequitable access to capital resulting from systemic racism. As mentioned earlier, Native non-profits only receive 0.23% of philanthropic funds, despite comprising 2% of the total population in the United States.¹¹³ Without adequate data to track whether these systemic inequities are increasing or decreasing, it is impossible to create effective systems change to facilitate equitable capital flows. We cannot address the inequities within philanthropy and investing without having a baseline knowledge of where capital is going and who it is benefitting. Transparency across the field is essential. Improving data tracking, reporting, and transparency will support data justice and promote systems change towards equitable capital access.

4

CREATIVE FINANCE IS UNFAMILIAR

Many investors and Native entrepreneurs are unfamiliar with creative finance; this limits opportunities for catalytic investments.

Our research found that oftentimes the most catalytic investments for Native entrepreneurs are investments which use creative structures to successfully meet the Native enterprise's needs. However, research participants discussed several challenges which prevent both capital providers and Native entrepreneurs from fully exploring creative finance options.

One challenge for Native entrepreneurs is knowing what options exist for creative finance structures that will meet the actual needs of their businesses. Many Native entrepreneurs haven't worked with catalytic capital, so their knowledge regarding the different types of capital delivery is still nascent. Furthermore, Native entrepreneurs often do not have extensive finance networks to learn about funding opportunities or seek advice about creative finance.¹¹⁴ Jocelyn Wong, Director of Capacity Building and Analyst for the Restorative Economies Fund at Kataly Foundation, noted "There's not only a lack of investment in Indian Country, but as a result, [there is] a dearth of relationships and insight into investment opportunities that actually exist."¹¹⁵ The dearth of relationships between Native entrepreneurs and investors, compounded by the lack of publicly-available data on investments, means that Native entrepreneurs often do not know which funders want to fund Native enterprises, or the possible structures for values-aligned deals.

A second challenge is that some Native entrepreneurs are still building skills regarding the financial language necessary to ask investors for the kind of capital needed to develop their project. Several investors stated that Native entrepreneurs sometimes aren't able to provide clarity around the financing expectations, benchmarks, or capital terms that would best support the success of their enterprise. As Teresa Dunbar, Director of Finance and Investments at Kalliopeia Foundation, put it:

I think some organizations don't know what to ask for, whether it's technical support, a grant, a loan guarantee or an actual loan. And I don't blame them for that at all, I think investment terminology is confusing and not accessible especially for anyone not steeped in investments who may not necessarily understand the numerous finance and lending terms, and options available.¹¹⁶

NATIVE BUSINESS OWNERS WHO ARE COMMITTED TO KEEPING THEIR BUSINESS MAJORITY NATIVE-OWNED CANNOT SELL THEIR BUSINESS TO A NON-NATIVE COMPANY IF THEY ARE TO REMAIN IN ALIGNMENT WITH THEIR VALUES; THIS MAKES VENTURE CAPITAL AND EQUITY INVESTMENTS INACCESSIBLE.

A third challenge for Native entrepreneurs is navigating cultural norms when making a request for capital. Many Native people carry cultural norms about walking with humility, or not boasting, about their work. Keoni Lee (Native Hawaiian), CEO of Hawai'i Investment Ready, explained:

We don't brag about our work. And we won't boast and talk about our achievements. So it kind of makes it hard to raise money sometimes. We just want to do the work and do it really well. We often ask for less because we think that funders or investors don't really understand what we do.¹¹⁷

It is important for investors to understand these norms and adjust their expectations for Native entrepreneurs to "sell themselves" during meetings. Multiple Native research participants also emphasized that it is important for Native entrepreneurs to design their ask around what their project actually needs, rather than designing their ask around what they think investors want to hear.

Research participants also discussed multiple challenges for capital providers. One issue that interviewees mentioned is that there is a firewall between many foundations' grantmaking and investment teams. This issue has also been highlighted in research by Builders Initiative and Social Finance.¹¹⁸ Barriers between foundations' grantmaking and investment teams make it difficult for foundations to offer Native entrepreneurs an appropriate array of options for capital delivery. For example, foundations are often unable to consider offering either an investment or a grant based on the Native entrepreneur's needs. Furthermore, many foundations do not offer integrated capital investments.

A second barrier for capital providers, which numerous research participants discussed, is that many foundations and investors are not familiar with innovative investment structures that keep equity and ownership in Native hands. Equity investments can dilute Native ownership, and venture capital models operate on the expectation that the entrepreneur will eventually sell their business. However, many Native entrepreneurs are committed to continuing their operations because their businesses are social enterprises, and/or would prefer to build generational Native wealth via an enterprise that will remain in Native hands. Native business owners who are committed to keeping their business majority Native-owned cannot sell their business to a non-Native company if they are to remain in alignment with their values; this makes venture capital and equity investments inaccessible. However, creative finance can provide solutions, such as subordinated debt and revenue based finance. John Balbach, Director of Impact Investments at MacArthur Foundation, explained:

Prioritizing the principle of Indigenous ownership can be very challenging with an equity investment. Given this, there are alternative applications to consider like long-term, deeply subordinated debt, that allows for the organization to grow, that functions almost like equity [...], but then preserves Indigenous ownership. Another example could be something like revenue participation investments. These self-liquidating structures present a really interesting option to consider [...], given the importance of maintaining Indigenous ownership and thus Indigeneity in the organizations you're supporting.¹¹⁹

5

SYSTEMIC RACISM LEADS TO FINANCIAL TRAUMA

Capital providers must reconsider traditional approaches to capital delivery in order to disrupt cycles of systemic racism and financial trauma.

Systemic racism is another theme that came up frequently in interviews. This is an ongoing issue which shapes capital delivery in two ways: first, Native entrepreneurs are often justifiably cautious when entering into conversations about financing due to having experienced financial trauma, and second, capital providers continue to use approaches that entrench structural racism, leading to further trauma among entrepreneurs. To disrupt this cycle, capital providers must reconsider traditional approaches to capital delivery.

It is vital for capital providers to learn about the experiences that Native entrepreneurs have with the financial system, so that capital providers can avoid replicating this discrimination. U.S. banks regularly engage in structural racism through policies that exclude Native Americans from financial services, for example by denying them loans, charging them more for loans, offering Native borrowers only expensive capital with challenging financing terms, and financing extractive projects on Native lands which benefit outside firms and contractors. These practices reinforce existing inequitable patterns of wealth.

Meanwhile, Non-Native entrepreneurs benefit from larger markets, better infrastructure, a more wealthy clientele, more favorable policies and regulations, lower perceived risk from investors, more favorable deal terms, and cheaper, more accessible capital. Thus, Native entrepreneurs encounter compounding barriers due to being on an unequal footing with non-Native entrepreneurs who are competing for the same capital pools.

Access to banking has been increasing in Native communities.¹²⁰ 6.9% of American Indian or Alaska Native households were unbanked in 2021, down from 16.3% in 2019 and 18.0% in 2017, and 25.1% of American Indian or Alaska Native households were underbanked in 2021 (compared with 24.7% of Black households and 9.3% of White households).¹²¹ Still, approximately 86% of Native communities lack a single financial institution within their borders.¹²²

Due to exclusion from traditional financial institutions, for many Native communities the only access to credit is through predatory payday loans, or pawn shops with a history of high interest rates.¹²³ Human Rights Watch found that out of almost 400 survey respondents on reservations across the country, “almost half had taken out predatory loans—mostly for basic needs, food, or for emergencies, like medical care.”¹²⁴ Similarly, First Nations Development Institute (FNDI) found that out of 140 respondents surveyed at a National American Indian Housing Council (NAIHC) meeting, 73% reported that predatory lending was either “a big problem” or “somewhat of a problem” in their communities;¹²⁵ 79% reported loans with exceptionally high interest rates being offered within their community; and one third reported the majority of predatory lending services were accessed at border towns.¹²⁶ Predatory lenders are disproportionately located near Native communities, for example in New Mexico Native lands comprise less than 10% of the state’s area, yet 64% of predatory/small-loan lenders are located within 15 miles of Native lands.¹²⁷

Due to this systemic racism, the experience of Native people with the traditional financial system has overall been negative. Native leaders have named the fact that Native people experience high rates of financial trauma, stemming from interactions with the financial system as extractive and exclusionary.¹²⁸ For example Jacqueline Jennings (mixed heritage, Cree, Anishinaabe, Métis and of European settler descent), Executive Director of the Fireweed Fellowship, an Indigenous entrepreneurship accelerator program, explained in an interview with Next City “Any time we would do educational sessions around finance [...] as soon as an accountant or investor would start talking, half of the students would leave their bodies, totally dissociating, and the other half would try to struggle through.”¹²⁹ And Jaime Gloshey (Navajo/White Mountain Apache/Kiowa), Co-Director and Co-Founder of Native Women Lead and Project Manager at Roanhorse Consulting, said in an interview with National Women’s Business Council:

In our work, we are trying to build a safe and brave space and are taking a trauma-informed approach, because we understand that these communities have experienced violence, harm, and exclusion. Everyone comes in with their own trauma, especially women. [...] I really appreciate the work Edgar Villanueva has done with decolonizing wealth and talking about wealth and philanthropy and our relationship with money, especially when I think about access to capital and some of the not only systemic barriers, but also internal barriers that we experience in accessing capital. It connects to what I talked about earlier around the systems and the impact predatory lending has on our communities. I think there’s emerging research around how the trauma of communities, individual and collective trauma, actually affects financial behaviors. It’s another challenge to communities who are trying to access capital and in feeling deserving and worthy, which furthers the whole conversation on decolonizing wealth.¹³⁰

Our research affirmed that because of financial trauma, Native entrepreneurs may reasonably be cautious when interacting with investors. For example, research participants described how many Native entrepreneurs avoid debt and unknown equity instruments because they have had negative experiences with traditional lending institutions' extractive practices; this can lead Native entrepreneurs to rely on grants instead. Keoni Lee (Native Hawaiian), CEO of Hawai'i Investment Ready, explained:

Working with Hawaiian-owned and led enterprises, both for-profit and non-profit, they primarily go after grants. Because one, it's available to Native communities, particularly ours. [...] And because there's this fear or myth or anxiety around debt, they don't want to be in debt. [...] A lot of folks that I work with see debt as a burden and not an opportunity. Because that's how it's been lived experiences, right? It's unfamiliar, they're unsure, they just feel like it's bad. They don't see the opportunity, how debt can be beneficial and necessary sometimes.¹³¹

At the same time, investors often use funding approaches which enact structural racism. Many investors know that traditional finance doesn't serve Native Peoples in meaningful ways, and that existing banking and investing practices are extractive and work against wealth creation in Native communities. However, investors still enter into engagements with Native entrepreneurs without interrogating how their own practices might feed into an imbalance of power.

Philanthropy and private sector investors often carry forward a primarily extractive view of dealmaking because they view Native American communities through a lens of racism, or because they haven't done the work to understand why the distinct legal and political structures in Indian Country exist and how to work in that field. Many non-Native capital providers don't understand what Native entrepreneurs need to be successful, nor have they developed the tools necessary to activate capital according to their stated commitments to serve underbanked communities, including Native communities. Many capital providers also expect Native entrepreneurs to fit their businesses into traditional models in order to receive capital; this disregards the actual needs, goals, and values of the Native entrepreneur and does not support sovereignty. Investors must intentionally devote time and resources to designing finance solutions which are not extractive—solutions which disrupt structural racism, rather than further entrenching it. In order to redress the harms of colonialism and racist state policies, wealth transfer is an essential strategy for resetting power dynamics. Reparations alongside intentional practices around shared ownership and governance as well as shared prosperity can bring about wealth creation for individuals, families and communities. As Edgar Villanueva explains:

Reparations are the ultimate way to build power in exploited communities. They are the ultimate way to use money as medicine. The institutions of philanthropy and finance can take a giant leap forward and make a commitment, leading the way for government to finally follow suit.¹³²

6

ASSUMPTIONS UNDERMINE UNDERSTANDING

Investors' assumptions about capital provision and about Native Peoples can limit capital flows; to shift power to Native entrepreneurs investors must move past assumptions.

Research participants described two kinds of assumptions that investors make which undermine their ability to provide catalytic capital to Native entrepreneurs: assumptions about how capital should be provided (both the process of capital provision and the structure of capital), and assumptions about Native Peoples.

When investors make assumptions about how capital provision should work, they miss opportunities to design investments that are actually catalytic. For example, investors often apply traditional due diligence methods and capital structures without questioning whether these are appropriate for the context they are working in. A capital provider described the limitations of traditional financial practices when working in Indian Country:

We had every best intention of being in that space and being impactful. But insanity is doing the same thing over and over and expecting a different outcome. We were doing the same thing—we underwrote everything the same, we used the same capital or even more restrictive capital. We didn't think about culture. We didn't think about [culture] from our standpoint, and we didn't think about [culture] from their standpoint [as] a borrower or a CDFI partner.¹³³

This prevented the capital provider and donor from building the new and different portfolio they were striving for, and did not allow the Native partners to have power in the interaction.

To move beyond assumptions, investors can work with Native entrepreneurs to co-create more appropriate processes. Investors can also use culturally relevant due diligence approaches such as relationship-based lending.

Another example that research participants discussed is investors applying extractive definitions of risk and return without considering the assumptions that are embedded in these models. Many investors have commitments around creating social impact, but need to adjust the way they perceive return on investment and risk to design investments that actually support Native communities. Rebekah Butler, Managing Partner and Co-CEO of Gratitude Railroad and former Co-Executive Director of The Grove Foundation, explained:

One challenge is traditional investment practices where the investee bears all the risks. Another challenge is underwriting practices that are based on algorithms that don't work for communities who didn't design and participate in those algorithms to start with. There's such a traditional reliance on things like credit scores or past income as a prediction of future income, and a lack of appreciation of relationships or character. Impact investors need to rethink what return on investment looks like and what risk means, and reframe standard ways of investing in order to relate to and succeed in working with Native communities.¹³⁴

When investors are open to rethinking risk and return on investment, it creates opportunities to design capital flows to truly drive social impact. Interviewees also stated that when working with Native communities, investors need to think about other key factors besides "impact". As Bill Stoddart, Founder and President of 45 North Partners, stated:

Investors need to [...] stop thinking that everything needs to be defined by either impact or return. [...] What [investors] need to think about is centering it on self-determination, control, and ownership [...] and shifting power in community. [...] Let's take the impact and the return parts off the table and talk about self-determination.¹³⁵

In addition to making assumptions about capital provision, investors also make assumptions about Native Peoples. Interviewees described how investors often enter into conversations with Native entrepreneurs carrying assumptions about the entrepreneur or their community. This can include investors making value judgments which undermine their own ability to act. As Karla Miller, Program Director at Northwest Area Foundation, explained:

There are investors who look at [an investment] and say, "No, I don't know, I don't think anything's going to work there." They make all these assumptions about these communities that they've never set foot in. [...] If an investor is really interested in supporting work in a reservation community, go there. Build a relationship. Get to know the Native CDFI, go and visit. Go and visit again if you still have some of these mental models that you can't seem to shift away from. [...] As funders and impact investors we really need to learn how to put [our assumptions] aside and [...] be committed to learning and listening.¹³⁶

"INVESTORS NEED TO [...] STOP THINKING THAT EVERYTHING NEEDS TO BE DEFINED BY EITHER IMPACT OR RETURN. [...] LET'S TAKE THE IMPACT AND THE RETURN PARTS OFF THE TABLE AND TALK ABOUT SELF-DETERMINATION."

Research participants also discussed the issues that arise when investors make assumptions about Native communities' needs and goals. It is common for outside entities, including philanthropy, to step into Native communities and attempt to define a problem and solution; this is a pattern of interaction rooted in colonialism. However, it is Native leaders who actually have the expertise to define problems and solutions—they know their community's goals and priorities, and have been building community-specific programs. It is frustrating for Native founders when an investor or donor is unable to lay down their own lens in favor of Native solutions that require discussion about creative financing, but not about the solution itself. As Vanessa Roanhorse (Diné (Navajo) citizen), Co-founder of Native Women Lead, explained:

The challenge for me is always that we have to validate and prove what we're building. And if investors and funders were really serious about being catalytic they would spend their time and resources doing the work and research to see that this has already been validated, or that the validation has to come from a different perspective.¹³⁷

Research from The Notah Begay III Foundation, which summarized comments from Native-led, youth serving organizations, shared a similar finding:

Participants lamented the fact that the expertise of the community was rarely taken into consideration when providing funds for projects. Several times participants expressed their desire for funders and philanthropists to realize that the community “already has the answers” and could provide the necessary expertise in developing and promoting positive programmatic outcomes.¹³⁸

Centering the Native entrepreneur's expertise regarding problems and solutions in their community is a crucial shift towards sovereignty. Investors can support sovereignty by coming in with the creativity, tools, and acumen in financing to create the consistent capital flow that the Native entrepreneur needs for their solution to be realized.

One way to overcome difficulties with mindset is to develop a relationship and let experience override assumptions. To this end, every single interviewee noted the centrality of relationships in the work of moving catalytic capital into Indian Country.

7

BUILDING RELATIONSHIPS MAKES A DIFFERENCE

Relationships are a key determining factor for Native entrepreneurs' success; this includes building good relationships between investors and Native entrepreneurs, and connecting Native entrepreneurs to investors' social networks.

The theme that came up most frequently in interviews was the importance of developing relationships between investors and Native entrepreneurs, leaders, and organizations. The Notah Begay III Foundation¹³⁹ and the Center for Effective Philanthropy¹⁴⁰ have also highlighted the importance of relationships between funders and Native entrepreneurs. In our research numerous participants, both Native and non-Native, described the need for investors to overcome a strictly transactional approach to investing; this is foundational to shifting power towards Native Peoples. Research participants emphasized that for investors to move beyond a transactional approach, investors must build good relationships with Native entrepreneurs. However, it takes intentionality and resources for investors to do so.

Our research found that dimensions of relationship that may appear tangential to deploying capital are actually central to building the trust and understanding necessary for investors and Native entrepreneurs to work together to design catalytic and values-aligned deals. One aspect of “right relationship” is building good relationships between individuals, i.e. fostering personal connection, empathy, mutual understanding, and trust. These can be built through similarities in past lived experiences, shared new experiences, time spent outside of the relationship learning about topics relevant to the other person to deepen understanding of the other person's context, and curiosity. Above all, good relationships take effort, time, and attentive listening.

Reciprocity is another practice which is particularly important to building good relationships between investors and Native entrepreneurs. Reciprocity emphasizes that relationships involve a cycle of giving and receiving which results in mutual flourishing. As Carol Anne Hilton explains:

An Indigenous economy is based on the concept of reciprocity. It focuses on giving and receiving as core structures for wealth production and distribution that forms the basis of exchange and the future value of wealth.¹⁴¹

Reciprocity is a value held by many Native Peoples which has been highlighted by organizations such as International Funders for Indigenous Peoples in their Five R's of Indigenous Philanthropy.¹⁴² In the context of capital provision, reciprocity involves the recognition that just as investors are providing value to Native entrepreneurs, Native entrepreneurs are also providing value to investors via their expertise, their innovative ideas, the social value their businesses create, etc. As International Funders for Indigenous Peoples recommends:

Embrace the global indigenous value that giving is an exchange in which both parties receive and take. Value indigenous inputs, such as speaking a native language that is endangered or ancestral knowledge, as important as capital investments.¹⁴³

Investors can embrace reciprocity as a guiding value for their relationships with Native entrepreneurs.

Our research found that another aspect of “right relationship” is building connections between individuals’ social networks. Numerous research participants described how they successfully moved catalytic capital by first building a good relationship between the investor and the Native entrepreneur, and then building connections between the Native entrepreneur and the investor’s social network. Trust is transferable—an investor can introduce an entrepreneur whom they trust to others in their social network, and these new contacts can move forward with the entrepreneur more quickly because they know the entrepreneur is trusted. In this way, an investor can connect an entrepreneur to new relationships which allow the entrepreneur to access power, information, resources, funding, and professional support.

Research participants stated that developing good relationships takes patience and time, and that for this reason there is a strong need for both investors and Native entrepreneurs to communicate clearly about expectations and roles up front. It is important for investors to be transparent about what they are able to offer, and to “get to a quick no” if they cannot make an investment.¹⁴⁴ It is also important for investors to be understanding when navigating the investment process, as Native entrepreneurs may have differing expectations around timelines or around sharing information. For example, one investor noted their confusion when there was unresponsive communication from a Native capital recipient during due diligence; this deviated from what the investor expected regarding the typical back and forth between an investor and an entrepreneur. Many investors with successful catalytic capital investments noted that it is critical to be patient with Native organizations that have a small number of staff, are rural, are managing multiple projects, and have cultural and community obligations that may take them out of cellular or internet range for a prolonged period of time.

Above all, investors should approach relationship-building with openness, and remember that Native leaders welcome partnership. As Chrystel Cornelius (Ojibwe, Oneida), CEO and President of Oweesta Corporation, explained:

There are no specialized skills or cultural training required to work in Indian Country. As with any key partnership, if you come to the table with curiosity and willingness to listen, relationships will flourish from those grounded conversations. You’ll find with any Native organization, if you’re unfamiliar with working within their respective community and you genuinely inquire to find out more about their opportunities, you’re going to have a very open reception. We’ve been open to partnership and increased investments for decades, creating relationships is easy if you come in a genuine manner and you’re up front about what you’re willing to do.¹⁴⁵



CASE STUDY

WOLAKOTA BUFFALO RANGE—WORLD'S LARGEST INDIGENOUS-MANAGED BUFFALO HERD OF 1,000



In 2020, the Wolaḱota bison restoration project launched the Wolaḱota Buffalo Range by releasing 100 buffalo onto a ranch on tribal lands. This watershed moment came together through the confluence of two factors: a Tribally-led holistic economic development plan, and catalytic support from mission-aligned funders.

Wolaḱota is a bison restoration project managed for social, economic, ecological, and cultural outcomes as determined by the **Sicangu** Laḱota Oyate, the people of the Rosebud Sioux Tribe.¹⁴⁶ In the past, the Laḱota Peoples' way of life centered on the buffalo but the westward expansion brought the decimation of both the Laḱota people and the buffalo nation.¹⁴⁷ The buffalo range was created in response to the desire of the community to align economic development with spiritual and cultural values.¹⁴⁸

The Wolaḱota project is part of the **Sicangu** Co ecosystem, which takes a place-based, holistic approach to economic development and community wellbeing. **Sicangu** Co is made up of two 501(c)3 community development institutions, as well as the Rosebud Sioux Tribe's economic development corporation—Rosebud Economic Development Corporation (REDCO)—who owns and operates the buffalo range. As a tribally-chartered entity and arm of the Tribe, REDCO's unique entity structure allowed Wolaḱota to seek both grant and investment capital and obtain a combination of federal funding, foundation grants, PRIs, impact loans, and technical assistance.¹⁴⁹

Above: A bison at Wolaḱota Buffalo range. Photo credit: Zachary Straw, Straw Photography.

Sicangu Co's Seven Generations (7Gen) Investing Framework inspires their economic development work, guides their organizational decision-making, and informs how they assess project impacts. 7Gen is a set of principles based on Lakota values that imagine the world they want to see their descendants living in 175 years in the future¹⁵⁰—“a healthy, just, abundant world for our grandchildren—and yours”.¹⁵¹ **Sicangu** Co emphasizes that 7Gen is translatable to other communities, and “can be replicated to accelerate socioeconomic transformation, equity, and sovereignty for Indigenous nations and beyond.”¹⁵² **Sicangu** Co utilizes 7Gen to give investors an introduction to their mission, vision, and values, and to build relationships with these partners.¹⁵³

The idea of buffalo restoration is generations old. Aaron Epps, Director of Development at **Sicangu** Co and Project Lead for the Wolaḱota project, emphasized that the Wolaḱota project was made possible by the efforts of people who came before, for example activist Rosalie Little Thunder,¹⁵⁴ who worked to stop the slaughter of wild bison.¹⁵⁵ Wiziapan “Wizi” Little Elk, former Director at **Sicangu** Co, envisioned a buffalo herd for decades.¹⁵⁶ The idea for the specific iteration of restoration embodied in the Wolaḱota project was sparked by a community survey that **Sicangu** Co conducted in 2013, which showed community members’ overwhelming desire to have a stronger relationship with buffalo and to be able to see bison regularly. Planning for the Wolaḱota project itself began in 2018.



Above: While on a site visit to Wolaḱota, Leland Little Dog tells the students about the sacred relationship between Lakota and buffalo, and how the two emerged together from the sacred Black Hills. Photo credit: **Sicangu** Co.



Finding a parcel of land large enough to host a bison herd was challenging due to fractionated lands on the reservation.¹⁵⁷ Fortunately, **Sicangu** Co secured nearly 28,000 acres of rangeland on the reservation by leasing these lands from the Rosebud Tribal Land Enterprise.¹⁵⁸ The tribe had purchased 18,761.6 acres of these lands, previously the privately-owned Mustang Meadows Ranch.¹⁵⁹ The ability to work collaboratively across tribal entities was important to the project's success—Rosebud Tribal Land Enterprise previously focused only on short term leases, but were willing to alter their policies to provide **Sicangu** Co with a 15 year lease¹⁶⁰ to support the long term stability of the buffalo range.¹⁶¹ However, **Sicangu** Co needed to raise \$7 million for major infrastructure projects¹⁶² such as new fencing, barns, and roadways, to make the buffalo range fully operational.¹⁶³

The Wolaḱota team built strong relationships within and outside Indian Country, including with World Wildlife Fund (WWF), Turner Foundation, and Bush Foundation.¹⁶⁴ These partners provided capital early in the project; this was catalytic because it created a runway for a strong project start, and reduced risk for Wolaḱota, which created opportunities for more growth. Furthermore, these partners offered much more than financial support—they also offered technical assistance, introductions, and visibility, which helped Wolaḱota accelerate their timeline and expand their network.



In 2018, Wolaḱota project champions first met with World Wildlife Fund (WWF), who had an existing internal project to restore bison herds to native ecosystems and saw significant alignment in Wolaḱota's project goals. WWF became a lead funding champion for Wolaḱota.¹⁶⁵ WWF introduced the Wolaḱota team to industry partners, consultants, federal contacts, foundations, and investors in their network starting in 2019 and continuing into the present. In 2019 WWF provided a grant for feasibility studies, and technical assistance to create a business plan and project funding proposal. In 2020 WWF paid Wolaḱota's first year's land lease at \$270,000, and provided funding to transport the first 100 buffalo to the range.^{166 167} These wild bison came from the Department of Interior (DOI), a connection that WWF helped foster.¹⁶⁸

WWF also "thought outside the box" and worked with Wolaḱota to design additional ways to support the project. For example, WWF ran a fundraising campaign on behalf of Wolaḱota and passed the proceeds of that campaign directly to **Sicaṅḡu Co.** This gave Wolaḱota direct access to WWF's donor base, which was orders of magnitude larger than Wolaḱota's base.¹⁶⁹ This was a new fundraising approach for WWF, and the campaign successfully raised \$324,000 for Wolaḱota.^{170 171} Presently, WWF continues to meet with the Wolaḱota team to identify ways to support them, drafts press releases and facilitates media appearances,¹⁷² and works with an outside contractor to facilitate environmental monitoring to support the health of the buffalo range.¹⁷³

Above: While on a site visit to Wolaḱota, students participate in a buffalo dance that was traditionally performed the night before a buffalo hunt to bring good fortune and safety to participants. Photo credit: **Sicaṅḡu Co.**

Dennis Jorgensen, WWF's bison program manager, describes WWF's role as "a supporting member of the cast". This role respects the tribe's self-determination — ¹⁷⁴ **Sicangu** Co retains 100% of the decision-making on the project, as well as the profits that are to be earned; these profits will be reinvested into the tribal community.¹⁷⁵ Clay Colombe (**Sicangu** Lakota, Nimiipuu), CEO of **Sicangu** Co, stated that catalytic partners prioritize tribal sovereignty, saying "As Indigenous front-line leaders we need all the support we can get, but—even more importantly—we also need to maintain ownership and decision-making power. Wolaḱota shows what's possible when tribal, public, and private partners collaborate to bring both financial and technical resources to a project in a way that honors tribal sovereignty and promotes community ownership."¹⁷⁶

WWF also facilitated an introduction meeting between Wolaḱota, Turner Foundation, and Wild Idea Buffalo Company in 2018. As a result, Turner Foundation became an early supporter of the Wolaḱota project, and provided a grant to Wolaḱota in 2020.¹⁷⁷ Turner Foundation connected Wolaḱota to Turner Ranches, who manage over 45,000 bison across 14 ranches in the western US, making them the largest bison operation in the world.¹⁷⁸ Turner Ranches provided Wolaḱota with industry knowledge and technical assistance invaluable to running the buffalo range.¹⁷⁹



Above: Wolaḱota Ranch Foreman TJ Heinert, demonstrates how to perform a traditional buffalo harvest for students from Wakaḱyeja Ki Tokeyahci Lakota immersion school. In a traditional harvest, prayer is essential and all parts of the animal are utilized as a show of respect to the animal's sacrifice. Photo credit: **Sicangu** Co.

In June 2021, Turner provided a second grant to fund range operations and the creation of summer youth wellness camps at the range, which will allow Wolaḱota to expand community outreach.¹⁸⁰ Turner representatives built strong relationships by making multiple visits to the site and taking time to learn about about Sičanḡu Co's goals and programs. They sought out ways to support the organization that were outside the scope of what they typically focused on, and recruited the support of additional partners—including the National Recreation Foundation, who co-sponsored the youth camps at the buffalo range.

Bush Foundation was a third major partner on the project, and supported Wolaḱota via both funding and publicity.¹⁸¹ Bush Foundation initially provided a \$200,000 grant, which was the maximum award for the program Wolaḱota applied to. However, Bush later lifted their grant limit and decided to focus on providing a larger amount of support to a smaller number of projects. Bush reached back out to Wolaḱota and asked them how much funding they needed to get through their start-up phase. Wolaḱota had a gap of \$1.8 million, and a few weeks later Bush Foundation awarded them \$1.8 million to close that gap.¹⁸² This funding was highly catalytic for Wolaḱota, as it allowed them to move smoothly through the start-up phase.



Above: Students at the Wotakuye (wellness) camps learn to make bapa, a traditional Lakota food made with dried bison meat. Photo credit: Sičanḡu Co.



The catalytic capital from WWF, Turner, and Bush allowed Wolaḱota to grow to where they could utilize more funding from these existing partners, and seek funding from new partners. For example, WWF established a relationship with Toyota on behalf of Wolaḱota; Toyota donated \$300,000 to WWF to fund additional fencing for Wolaḱota in 2021 and support annual herd monitoring.¹⁸³ Toyota also spurred the acquisition of additional capital by providing matching funds for the WWF online fundraising campaign.¹⁸⁴ Another corporation made an anonymous donation of \$1 million in completely unallocated funding; this funding was particularly impactful because Wolaḱota has been able to use it to support unforeseen needs and costs. WWF also introduced Wolaḱota to Margaret A. Cargill Philanthropies, who provided \$1.3 million of funding to support infrastructure needs for the buffalo range.¹⁸⁵ And, Wolaḱota received grants and investments from 13 additional funders beyond those mentioned here.¹⁸⁶

Wolaḱota's fundraising strategies were highly successful. However, one challenge they encountered was not knowing what impact investor's expectations would be for investment terms. This led Wolaḱota to build their initial fundraising strategy around what turned out to be false assumptions, rather than building their strategy around what their project needed to be successful. Ultimately Wolaḱota's funders were able to offer better terms than Wolaḱota initially anticipated, and the funders worked with Wolaḱota to design deals that were truly supportive of the project's success.

Above: Students at the Wotakuye (wellness) camps scrape a bison hide to prepare a buffalo robe. Buffalo robes have long been used as clothing and blankets for survival and were also once a gift that was given to honor someone. They were (and still are) used to keep Winter Counts, or pictographic histories. Photo credit: **Sicangu Co.**



Sourcing funding piecemeal from numerous different funders also created an ongoing challenge—Wolaḱota must continually manage reporting for a large number of investments and grants, each of which have different terms and reporting requirements. In hindsight, Aaron Epps, Director of Development at **Sicāṅḡu** Co and Project Lead for the Wolaḱota project, reflected that maintenance would be easier if Wolaḱota had been able to work with a funder to consolidate the different investments and grants.

In 2021, the range sourced more buffalo from federally managed herds through DOI and from private bison herds,¹⁸⁷ and new calves were born within the herd.¹⁸⁸ With these additions, Wolaḱota became the world's largest Indigenous-managed herd.¹⁸⁹ The range is now home to over 1,000 buffalo.¹⁹⁰

In May 2022, WWF alongside numerous foundations¹⁹¹ hosted an investor summit featuring Wolaḱota and the ecosystem of **Sicāṅḡu** Co projects which feed into the tribe's larger vision of economic and cultural sovereignty. These projects demonstrate how Indigenous approaches such as the 7Gen Investing Framework can be utilized to build values-aligned partnerships, guide the use of catalytic capital to deploy projects that enact self-determination, and create a healthier and more just world for future generations.

8

THE SUCCESS OF NATIVE INTERMEDIARIES

The exponential growth and success of Native intermediaries has shifted the ecosystem in favorable ways for Native entrepreneurs and enterprises.

The growth in number and strength of Native-led organizations and intermediaries has been a key success point in expanding capital access in Indian Country. There are now several established Native intermediaries alongside more than 70 Native Community Development Financial Institutions (CDFIs)¹⁹² who receive and deliver capital through established and well-regulated processes. This infrastructure is relatively new and builds on collective experience of Native advocates and investors working over the last twenty years to solve for capital gaps. As Karla Miller, Program Director at Northwest Area Foundation, explained:

Until the Native CDFIs were established in some of these communities, there was no access to capital. [...] I have seen amazing change over the last twenty years [in specific Native communities] and all of it, I think, has to do with the establishment of the Native CDFIs, the people who are committed to supporting Native entrepreneurs. [...] I think many [Native CDFIs] have gone from being the local lender to being key and critical institutions in the community.¹⁹³

Native-led intermediaries are building power from the ground up. Many Native intermediaries are moving significant money into Indian Country—they are bringing in hybrid experiences from the private and public sectors alongside a creative mindset to changing the rules of finance to make it work for their communities. With their visions, networks, and backgrounds, they are identifying successful new strategies to support Native entrepreneurs, and are sourcing flexible capital to fulfill their visions.

Native CDFIs are successfully creating capital access for Native entrepreneurs. Data from a group of 34 Native CDFIs showed that these CDFIs made a total of 3,596 loans to 3,055 Native American borrowers in 2021, and the total amount lent by this group of CDFIs was over \$135 million that year, over \$80 million of which were business loans.¹⁹⁴ And, Native CDFIs are growing. For example, Akiptan is a Native CDFI which provides loans and technical assistance to Native people in Agriculture. Akiptan is growing exponentially—they began lending in January 2019, and disbursed about \$1.8 million in loans that year.¹⁹⁵ In 2020, they loaned \$1.7 million, and would have made more loans, but they grew so fast that they ran out of capital that year. In 2021, Akiptan disbursed about \$3.4 million in loans, doubling their capacity. In 2022, Akiptan disbursed triple that amount, doing just under \$10 million in loans. As of April 2023, Akiptan has closed between \$3 million and \$4 million in loans, with another \$12 million in their waterway.¹⁹⁶ This exponential growth both highlights how Native CDFIs are successfully delivering capital into the hands of Native entrepreneurs, and demonstrates that there is still unmet demand for capital. Indeed, demand for capital from Native CDFI Network members is expected to increase by \$166 million over the next three years, on top of existing lending activities.¹⁹⁷

NATIVE INTERMEDIARIES ARE TRANSFORMING THE FIELD TOWARDS SOVEREIGNTY

In addition to creating capital access, Native CDFIs provide culturally appropriate services which center community wellbeing, and support their clients via technical assistance, financial counseling, and skill-building. As Kevin Walker, CEO of Northwest Area Foundation, explains in Native CDFI Network's 2022 Policy & Advocacy Report:

Native CDFIs understand what prosperity really means. Yes, it's about money, but it's about much more than that. It's about the need to change systems that lock Native communities out of opportunity—so they can determine their own future, on their own terms, for multiple generations. Native CDFIs are successful across Indian Country because they move financial capital in ways that build human capital. It's an approach with people, place, culture and community at its heart.¹⁹⁸

Native CDFIs use creative approaches to best meet the needs of their clients—for example, Lakota Federal Credit Union, Lakota Funds, First Peoples Fund, and Artspace created the Rolling Rez initiative, a “bank on wheels” that travels the Pine Ridge Reservation and brings banking services to tribal employees who otherwise could not afford to travel to the credit union’s brick-and-mortar location.¹⁹⁹ Native CDFIs also provided vital support to their communities during the COVID-19 pandemic, including connecting people with capital, technical assistance, information, and medical supplies, and working with existing borrowers to ease repayment using a variety of strategies.²⁰⁰ Beyond Native CDFIs, numerous Native organizations are also playing a crucial role in creating capital access and providing technical assistance and business support to Native entrepreneurs. For example, Change Labs is a Native-led non-profit based on the Navajo and Hopi nations which empowers Native entrepreneurs and strengthens the local entrepreneurial ecosystem by offering leadership and technical skills training, a business incubation program, and a lending program which pairs loans with financial training, business coaching, and network building.²⁰¹

Native organizations and Native CDFIs are supporting Native borrowers to improve their credit scores,²⁰² providing essential training and financial literacy, while also creating successful holistic and culturally relevant risk assessment models as alternatives to the racialized risk assessment approaches used by traditional lenders.²⁰³ Furthermore, Native intermediaries are successfully telegraphing the stories, needs, challenges, and visions of Native entrepreneurs to an ever-widening audience of ready investors in the public, private, and philanthropic sectors. For example, as discussed in the case study on pages 34-38, Native Women Lead’s visionary approach to centering the economic strengths of Native women entrepreneurs has succeeded in unlocking capital access for Native women.

Native intermediaries also have great strength in partnership, and are collaborating to increase their impact. For example, the Mountain|Plains Regional Native CDFI Coalition is a group of nine Native CDFIs in Montana, North Dakota, South Dakota, and Wyoming; the coalition centers Native women leaders. The coalition recently leveraged a collaborative strategy to obtain a five year, \$45 million grant from the Economic Development Administration’s Build Back Better Regional Challenge; this grant represents the largest investment ever made in the CDFI industry.²⁰⁴

EXAMPLE: OWEESTA CORPORATION

Founded in 1999, Oweesta is a national Native CDFI intermediary that supports the entire Native CDFI industry by providing Native CDFIs with financial products such as loans and investments, and development services such as training, technical assistance, research, and policy advocacy.²⁰⁵ Oweesta's mission is "To provide opportunities for Native people to develop financial assets and create wealth by assisting in the establishment of strong, permanent institutions and programs contributing to economic independence and strengthening sovereignty for all Native communities," and they achieve this mission by assisting Native CDFIs and Native communities to "develop an integrated range of asset-building products and services, including financial education and financial products."²⁰⁶ Oweesta also supports Native CDFIs to collaborate, providing vital support for partnerships which build the field. Oweesta has revolved \$70 million in direct investments,²⁰⁷ has a current loan portfolio of \$45.8 million, and has worked with 225 investment partners.²⁰⁸ Oweesta's partners have provided financing to 8,698 Native individuals, and have funded 2,212 Native businesses.²⁰⁹ Oweesta provides vital infrastructure for moving catalytic capital to Indian Country—Oweesta "acts as a conduit for social investments to flow directly to Native CDFIs on a national scope and has a proven track record of delivering consistent returns to investors."²¹⁰ Oweesta is instrumental in building Native economic power, and Oweesta's work has set a national stage for Native CDFIs.

NATIVE EXPERTISE

Our research found that at the heart of Native intermediaries' effectiveness is the deep set of skills, knowledge, relationships, and established trust that they bring to their work. Native intermediaries often have a vital local knowledge base, for example knowing how to navigate Native nations' political systems, work with tribal councils, or speak a local language (which can be especially important when working with elders). This is not to say that Native Peoples are all the same—in interviews Native intermediary leaders both acknowledged the heterogeneity of identity and culture across Native nations, and embraced its challenge by listening deeply to the needs of the Native entrepreneurs they work with.

Our research found that Native intermediaries prioritize the needs of Native entrepreneurs, and iterate to create solutions that work for their communities. For example, Keoni Lee (Native Hawaiian), CEO of Hawai'i Investment Ready, described creating an incubation program for Native entrepreneurs designed to meet their needs as much as possible.²¹¹ A key aspect was that as a Native entrepreneur himself Lee understood the Native entrepreneurs' pain points and could provide appropriate services to address these. He could sit in their shoes. Dave Castillo (Nahua Indian descent), CEO of Native Community Capital, gave another example—Native Community Capital resolves disputes in tribal courts, a more time consuming but critical component of his lending model.²¹² Castillo also shared an example where a Native borrower experienced a major health crisis and was in the hospital. He renegotiated the entrepreneur's loan terms to accommodate this because he knew that the entrepreneur had no secondary reserves and the community depended on the entrepreneur's business.²¹³ Similarly, Vanessa Roanhorse (Diné (Navajo) citizen), Co-founder of Native Women Lead, spoke about the importance of understanding the impact of Native businesses. For example, many Native women entrepreneurs' businesses enable their families to thrive, as profits are spent on essential items such as food, clothing, and fuel.²¹⁴ Native intermediaries understand the needs of Native entrepreneurs, and are providing Native-designed solutions that are responsive to these needs.

INTERMEDIARIES ARE CONDUITS FOR RELATIONSHIP

Our research also found that Native intermediaries are facilitating relationships between capital providers and Native entrepreneurs to create values-aligned systems change. Numerous investors described how they manage new relationships by working via known and trusted Native intermediaries. On occasions where there is friction between Native entrepreneurs and capital providers, Native-led intermediaries are able to reduce this friction and build trust quickly. For example, one investor described how a Native intermediary helped bridge a gap in communication when midway through an investment, the leadership at the Native organization they were investing in changed and they were unable to have enough communication to know clearly what the goals of the investment were. The investor wanted to move forward, but needed more information to do so. The investor said, “We weren’t sure where [the Native organization was] going with it. [...] We were not as confident in their underwriting process. [A Native-led third-party] came in and did underwriting [...] and so that helped us get more comfortable.”²¹⁵ Because the investor brought in a Native intermediary known by both parties, with an established track-record in Indian Country, capital was able to flow to the Native entity while still recognizing the investor’s needs.

THE ROLE OF INVESTORS IN GROWING THE FIELD

In interviews both Native leaders and members of the philanthropic sector agreed that funding Native-led organizations as intermediaries, technical service providers, and capital providers is the most effective approach to moving more catalytic capital into Indian Country. And, many research participants cited the importance of building more Native-led infrastructure for long term change. Investors have a role in building this infrastructure by providing grants, runway capital, and investments to Native intermediaries specifically to build their organizational capacity. As John Balbach, Director of Impact Investments at MacArthur Foundation, explained:

I think building that infrastructure is really critical to support the intermediation that’s needed. Oweesta is doing just an extraordinary job. But we need multiple Oweestas out there. Part of what they’re doing so well is channeling the capital through to the sub-scale CDFIs that are then getting the capital out to very hard to reach communities.²¹⁶

Investors have made many successful catalytic investments into Native intermediaries, but creating and replicating catalytic models on a nationwide scale remains an open—and critically urgent—opportunity.

9

TRADITIONAL CAPITAL STRUCTURES RESTRICT CAPITAL FLOW

Traditional capital structures and capital provision processes are often not flexible enough to support Native entrepreneurs; this creates restrictions in capital flow.

Another theme that arose is that traditional approaches to capital provision can create restrictions in capital flow at multiple points within the process of capital deployment. Rainmakers Investment Collaborative (RIC)²¹⁷ provides an example. Confluence Philanthropy established RIC in 2010 to bring together foundations to deploy PRIs in New Mexico and Arizona. Several interviewees named RIC as the entry point for them to activate an investment for Native entrepreneurs, and RIC was one of the first donor-initiated coalitions to intentionally bring capital providers together to deploy—not just discuss—integrated capital to Native community development projects, enterprises, and organizations. To date RIC has deployed \$3.25 million in PRI investments.²¹⁸

RIC aimed to set investment parameters in favor of what would support Native community development projects, enterprises, and organizations, and required investors to come in with \$250,000 minimum for a 10-year investment, with the interest rate set at 2% maximum. After a competitive Request for Proposals, RIC selected Native Home Capital, a Native-led regional CDFI, in partnership with Rural Community Assistance Corporation (RCAC), a non-Native CDFI in the region, to be the intermediary to move the capital to recipients.

Native Home Capital was the Native-led local investment partner—the essential partner for building relationships with Tribal leaders and entrepreneurs, and for identifying viable projects that were likely to succeed in their communities. Native Home Capital's role was to identify and nurture investment opportunities and ensure deal flow for the RIC. By sourcing and participating in the loans, Native Home Capital also had the opportunity to build their capacity to attract and lend capital. RCAC was the larger regional intermediary that provided fund management, reporting, documentation, disbursement, and accounting services.

One of the key challenges was a misalignment of risk, the ability to deploy flexible capital, and the different underwriting requirements of the two RIC investment partners: RCAC and Native Home Capital. While the investment partners were able to successfully invest in three Native-led deals, their divergent approaches ultimately resulted in a constricted deal waterway.

Interviewees familiar with RIC described how restrictions in capital flow came into play at several points in RIC's process. While RCAC had an established track record in the region, including with some Native entities, conducting due diligence and vetting projects to this level with and for Native entrepreneurs was a new undertaking for them. While Native Home Capital filled that important gap in the process, ultimately the deals still needed to be approved by RCAC using their traditional underwriting criteria which were not tailored to the context of investing in Native enterprises.

One interviewee noted that RCAC was unable to underwrite several projects brought to them by Native Home Capital because the projects did not align with RCAC's underwriting criteria; this created a bottleneck in the capital delivery process. Another interviewee stated that several of the investors in RIC had provided their capital with additional requests for how that capital would be used and the type of impact they wanted to see. These restrictions made it difficult for RCAC to effectively disburse the capital to Native enterprises, and to center the goals of Native entrepreneurs.

Overall, RIC replicated traditional underwriting and due diligence processes that were familiar to philanthropy in order to crowd-in investors. While understandable as a method to bring these investors into a new space for them, the paradigm for Native capital recipients only shifted incrementally. Several interviewees from multiple organizations noted that there was ultimately a fundamental mismatch in the goals of RIC to reach Native enterprises, and the ability of the capital delivery mechanism to meet those goals. The outcome resulted in multiple Native enterprises getting boxed out of capital, and the intermediary being boxed in by restrictive criteria.

The RIC example demonstrates how restrictions can enter the capital delivery process via due diligence, via the underwriting process, and via stipulations from the capital provider. Restrictions can also enter the process via the terms of the capital itself. Rigidity at any of these points can diminish the impact of that capital. Instead, capital providers need to reimagine capital structures and design flexible capital delivery processes that are appropriate to the context of investing in Native entrepreneurs. These processes should center the goals of Native entrepreneurs, rather than the goals of investors alone.

Furthermore, Native leaders are creating innovative mechanisms for capital delivery designed to move capital to Native entrepreneurs without encountering bottlenecks. Our research found that one way investors can successfully provide catalytic capital to Native entrepreneurs is to have Native intermediaries, like Native Home Capital, underwrite their own investments. When investors work with Native intermediaries, this also supports an equitable redistribution of power to Native leaders.

The RIC experience led RCAC to consider how they could adapt their lending to better service Indigenous entrepreneurs. Based on their reflections, RCAC committed \$4.5 million of their MacKenzie Scott award to co-designing a cultural lending initiative in partnership with Roanhorse Consulting and an Indigenous Advisory Council, starting in 2021. RCAC's commitment includes providing flexible capital to Indigenous-led partners, piloting in New Mexico and Arizona, beginning in late 2023.²¹⁹

Overall, RIC sparked a movement around investing in Indian Country which hadn't existed previously. Out of the six early investors in RIC, 100% went on to deploy additional investments in Native enterprises.²²⁰ And, many of the organizations that participated with RIC in the earliest stages, including Native Home Capital (now Native Community Capital), Nusenda Credit Union, and Native Women Lead, have become economic pillars for communities in the Southwest United States. RIC created a field-building platform and provided lessons around the need for flexible capital.

10

INTEGRATED CAPITAL CATALYZES SUCCESS

Integrated capital which combines both grants and investments is the most catalytic form of capital for Native entrepreneurs.

A theme that came up frequently in interviews is that while grants are essential for Native enterprises, Native entrepreneurs also need access to investments to fully activate their enterprise visions. Currently, many Native entrepreneurs create dual non-profit and for-profit entities to seek both grants and investments, but dual entities are a drain on Native entrepreneurs' time and resources. Our research found that integrated capital combining grants and investments is the most catalytic for Native entrepreneurs. However, several barriers limit foundations from deploying integrated capital, including siloed grantmaking and investment teams, and hesitation due to perceived reputational risk.

While grants are essential to build an initial runway for Native enterprises, grants alone are often not sufficient to catalyze a big vision for Native Peoples. Dave Castillo (Nahua Indian descent), CEO of Native Community Capital, explained:

Tribal governments and Native-led non-profits are literally rebuilding the administrative and physical infrastructure and the very economies intentionally destroyed during colonization. When you're talking about addressing deep entrenched issues you need a lot of cash to make it happen with any prospect of success, and you might still fail. So for investors to offer a one-time \$85,000 grant and expect you to solve access to capital issues in Indian Country is unrealistic. I think most foundations and investors think "we'll give you a piece of it," which if we're talking real costs amounts to .001% of what it's going to take to do this, and they expect economic return, impact, and impact measurement.²²¹

Grants are useful and build needed infrastructure, but they run out and do not produce the outcomes that both the Native entrepreneur and the capital provider wish to see in terms of seeding long-term change. Grants often create a grant-to-grant cycle for the Native enterprise, rather than unfolding a scalable pathway forward. Ultimately, Native entrepreneurs need access to both grants and investments to actualize their enterprise visions.

Research participants stated that currently, many Native entities have difficulty accessing grants and investments simultaneously as donors and investors do not practice integrated catalytic capital. Our research found that one way Native entrepreneurs tackle this issue is to create dual for-profit and non-profit entities, so that they can obtain grants and also be considered for debt or equity financing. For some Native entrepreneurs dual entities are part of their larger vision, however, multiple interviewees noted that for many Native organizations creating dual entities is merely a pragmatic solution to receive funding. When Native entrepreneurs must create additional entities simply to receive money based on capital providers' constraints, this is a drain on the time and resources of the Native entrepreneur. This is a space ripe for disruption with creativity from capital providers, and indeed, there are many inspirational examples of organizations that are innovating in this space, including NDN Fund,²²² Common Future,²²³ and Possibility Labs.²²⁴

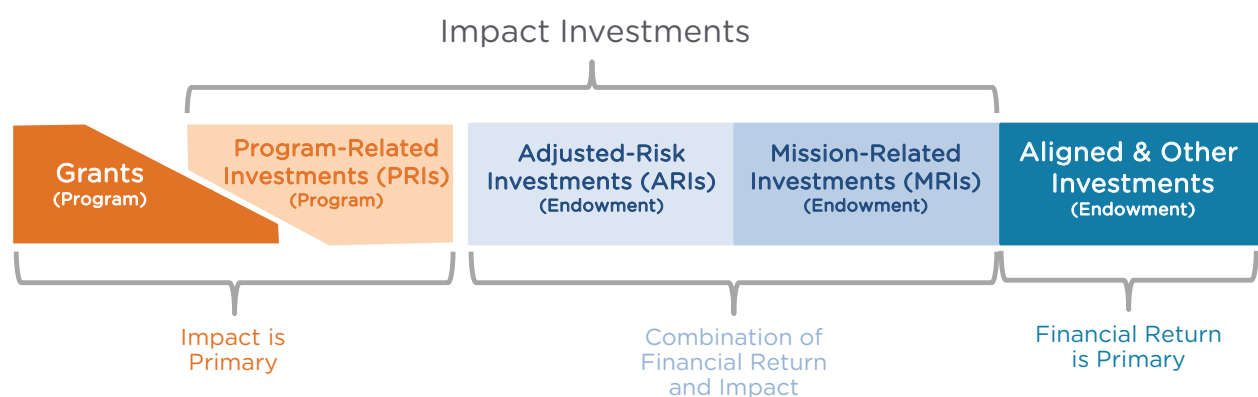
Integrated capital is a key strategy to address Native enterprises' need for both grant capital and larger investments. Our research found that integrated capital is the most catalytic for Native entrepreneurs because it both provides a runway and supports the Native enterprise to scale. Vanessa Roanhorse (Diné (Navajo) citizen), Co-founder of Native Women Lead, described the need for integrated capital to support the long term planning and stability of Native enterprises and organizations:

To me, the catalytic piece of it is the multi year grantmaking with a commitment to provide direct investment through PRIs at a very patient and reasonable term. [...] PRIs make me the most excited because that is where the big dollars are at. We can't do what we're doing with only a few hundred thousand dollars a year, we need millions, if not billions of dollars. However, I think what's really difficult is if you don't have the aligned investors that are willing to give you this commitment and provide flexible capital over a period of time, with the continued grant making support, you will hit the ceiling on what is possible. Funders have to stop asking for sustainability without acknowledging that we have not been given the same time and resources they have had to build their own.²²⁵

As Roanhorse emphasizes, continued grants in combination with investments are essential; specifically, Native organizations need to have an appropriate ratio of grant dollars to investment dollars based on their needs, goals, and the community that they are serving. Similarly, Teresa Dunbar, Director of Finance and Investments at Kalliopeia Foundation, stated that integrated capital is catalytic only if it is designed to be—it is not the label “PRI” that makes an investment catalytic, but rather, the specific terms that the investment offers.²²⁶ Integrated capital tools create an opportunity to re-balance power dynamics between the investor and the Native entrepreneur, but only if the investor and entrepreneur intentionally design the investment terms around this goal.

Research participants also reported that foundations are interested in providing integrated capital. For example, Kataly Foundation regularly makes grants alongside their investments in order to build the capacity of their Native partners.²²⁷ And Bush Foundation makes integrated capital investments using a number of different investment structures along a spectrum of impact and financial return, as illustrated in their graphic below:

Background | Types of Foundation Investments



Definitions

Impact Investments seek social and/or environmental benefits that are measured in addition to financial return

- **Program-Related Investments** include below-market terms and meet IRS charitable purpose requirements
- **Adjusted-Risk Investments** are mission-aligned with market-rate return expectations and elevated risk
- **Mission-Related Investments** are mission-aligned with market-rate return expectations

Typically newer managers with strong mission alignment but limited track records



investing in **great ideas** and the **people** who power them

1

Image courtesy of Bush Foundation

While some foundations are successfully deploying integrated capital, numerous foundation interviewees stated that implementing the necessary mechanisms to deploy integrated capital has proven a challenge for their foundations due to internal walls between the grantmaking and investment programs. Many foundations have done ample work over many years to build grant programs with Native communities, but the investment side of the foundation doesn't necessarily have the same knowledge of Indian Country, nor do they have the trust-based values orientation that the grantmaking side has developed. Foundations must transfer that knowledge internally to create a catalytic capital flow. Furthermore, foundations are often unable to explore the innovations that Native enterprises put forward, for example structures designed to ensure majority Native ownership, due to institutional constraints within the foundation.

At the same time, interviewees plainly stated that a lot of funders say they want to provide integrated capital, but they don't do it. One Native interviewee described the biggest barrier: reputational risk. Foundations are hesitant because they are concerned that if they try something new, such as an investment, their reputation may be impacted if the deal is unsuccessful. Decoupling reputational risk from the outcome of a completed investment creates space for both investors and Native enterprises to learn together and develop integrated capital expertise.

Above all, the best way for investors to learn how to provide integrated capital to Indian Country is simply to do it. In our research we found that investors who have been most involved in providing capital to Native entrepreneurs have made the commitment to invest in Indian Country, and have continued to invest regardless of transaction size, time commitment, mistakes made, reputational risk, and/or the requirement to develop their expertise in topics pertaining to Native nations. We saw that when investors make a real commitment to provide integrated catalytic capital to Native entrepreneurs, they are able to successfully achieve this goal.



CASE STUDY

NAVAJO POWER—A RENEWABLE ENERGY COMMUNITY BENEFIT CORPORATION



In 2018 Brett Isaac (Navajo Nation) co-founded Navajo Power in direct response to the needs he saw on the Navajo Nation both to provide new economic drivers in the face of the imminent closure of local coal power plants including the Navajo Generating Station, and to find the local opportunity in the global transition to clean, renewable energy sources. Navajo Power works closely with tribal communities to develop utility-scale clean energy projects on tribal lands. Their mission is to ensure that local Native communities prosper from the economic and environmental benefits of these projects.²²⁸ Navajo Power's goals include creating good jobs located on the Navajo Nation, and creating access to clean energy for Navajo families.²²⁹

Navajo Power carries a vision and theory of change that spans decades and generations—first, to support energy sovereignty for the Navajo Nation, and second, to replicate their strategy with other Native nations in the southwest and across Indian Country. Navajo Power provides a powerful example of how a corporation can codify their mission to create community benefit into both the structure of their business model, and into the terms of their deals when receiving catalytic capital from mission-aligned investors.



Solar energy development is capital intensive—it requires expensive machinery, extensive infrastructure development, and costly permits. Large amounts of capital can be sunk into a single clean energy project to get it to the point where it is shovel ready; it requires even more capital to develop multiple projects at once. Furthermore, capital investments can be tied up for an extended period of time, as Navajo Power spends years working in partnership with local tribal communities on project development. To enact their cultural values and work appropriately with communities, they spend more than “business as usual” to complete thorough environmental studies and survey prospective sites for cultural resources and artifacts, and to report the results of these surveys back to the communities. They take the time to walk the land and hear from community members about the land as a regular part of their process. Navajo Power also wanted to provide their employees with healthcare and benefits. For all of these reasons, Navajo Power needed to achieve a consistent capital flow.

In their first two years of operations (2018-2019), Navajo Power primarily utilized grants and consulting revenue to build the infrastructure of the company. Navajo Power’s mission and the co-founders’ professional backgrounds attracted a number of early funders—Brett Isaac had experience with off-grid and community-based solar, and Dan Rosen brought entrepreneurial experience in the financial space through his founding and scaling of Mosaic.^{230 231} Navajo Power received direct loans from Grove Foundation and Sierra Club Foundation; grants from Sandler Foundation and Catena Foundation; and development capital from Community Energy Solar and from Navajo Power co-founder Dan Rosen.



During this time period, Navajo Power also experienced several funding gaps which could have been deeply detrimental to their growth; fortunately, catalytic investors stepped in to provide crucial support in these moments. Navajo Power was able to secure bridge funding from multiple parties including The Schmidt Family Foundation, Candide Group, Grove Foundation and NDN Fund while working through diligence with other parties to close additional long-term capital. Navajo Power had already established open and honest relationships with these funders, built on the foundation of their shared commitment to Navajo Power's mission. This allowed Navajo Power representatives to be real and vulnerable in making requests for bridge funding, and, having seen the track record of work and growth, these catalytic investors gave Navajo Power the support they needed to stay on their growth trajectory. These responsive, genuine relationships with funders were integral to Navajo Power's success—Navajo Power did not have to lay off any employees and were able to keep working towards their mission even when there were cash shortfalls.

Starting in 2019 Navajo Power and the Candide Group worked together to develop a syndicated loan facility to raise a large loan fund. The syndicated loan facility led by Candide ultimately included more than 30 mission-aligned investors²³² and brought in \$10.4 million of capital, functioning as the seed round for the company.²³³ Candide created the document set for the deal and negotiated good terms with Navajo Power. Significantly, Navajo Power and Candide worked with a single lawyer (“collaborative counsel”) to set these terms, rather than using the more traditional, time consuming, and contentious process of each having their own lawyer (“opposing counsel”).²³⁴ This allowed for a more collaborative and supportive process, in line with the fact that Navajo Power and Candide were working together towards shared goals.

Once Navajo Power and Candide set the terms together, Candide helped gather investors to the deal. Many of Navajo Power’s previous funders, including Grove Foundation, Schmidt Family Foundation, Sierra Club Foundation, Catena Foundation, and Navajo CDFI, joined the loan syndicate and gave additional loans. New investors and philanthropic organizations who joined the loan syndicate include the W.K. Kellogg Foundation with a \$3 million PRI, NDN Fund, Wallace Global Fund, Halloran Philanthropies, and a number of angel investors.²³⁵ They initially closed the deal at \$4.5 million in March 2020,²³⁶ with a number of investors joining after the initial closing to bring the deal total to \$10.4 million in March 2022.²³⁷



Above: A hogan under construction, where Navajo Power donated a solar system. Photo credit: Navajo Power.



UNDER NAVAJO POWER'S CORPORATE CHARTER, 80 PERCENT OF THEIR PROFITS MUST BE REINVESTED IN NEW PROJECTS THAT BENEFIT THE COMMUNITIES THEY WORK IN.

The terms of the loan facility provide a powerful example of how mission alignment and community impact can be incorporated into the structure of a financing agreement. Navajo Power operationalizes economic benefit for tribal communities in the deal's term sheet in several ways from both the company itself and its investment deal with the lenders, above and beyond unleashing the economic engine of utility-scale solar development. Navajo Power set aside 10% of company ownership to be held in a "Turquoise Share", which must fund community benefits if Navajo Power is sold, dissolved, or if profits are distributed. The turquoise shares are held in trust by Navajo CDFI.²³⁸ They also created a "Mission Delta", which, acknowledging that Navajo Power raised capital at a lower interest rate in order to build a mission-based business, requires that Navajo Power reinvest the difference between a 12% roughly market interest rate and the actual interest paid to investors (ranging between 1% and 3% depending on the investor) into renewable energy projects for the communities it works in.

Furthermore, as a public benefit corporation, Navajo Power structured their company to reflect community benefit as a core goal on par with profit maximization. Under Navajo Power's corporate charter, 80 percent of their profits must be reinvested in new projects that benefit the communities they work in.²³⁹ This is operationalized in the loan facility term sheet as a special covenant requiring a 20% limitation on profits to owners. Another special covenant requires that Navajo Power maintain majority Native ownership. Lenders involved in the loan facility structured their financing to retain this Native control;²⁴⁰ for example, all of the lenders took on equity risk, but structured their investments as flexible debt with various impact covenants, including that Navajo Power retain majority equity ownership.²⁴¹



Since their seed round capital raise Navajo Power has made significant strides forward in their work, and their success continues to grow. With consistent access to capital through the loan facility, Navajo Power was able to grow the company and make early stage investments in their project portfolio. Navajo Power utilized the capital from the loan facility to fund their development team, cover accounting and legal expenses, and pay for project development costs such as engineering services, surveying, environmental studies and grid connection costs.²⁴² Navajo Power is now actively developing five large-scale solar projects across three tribal nations, totaling approximately 2,200 megawatts of solar energy in development.²⁴³ Each of their projects offers the tribes whose lands the project is located on the right to invest and own equity in the project in the long-term, including after the project becomes operational.²⁴⁴

One example is Navajo Power's Painted Desert Power solar project, a proposed 750-megawatt photovoltaic solar-generating and battery energy storage system facility near Cameron, AZ.²⁴⁵ Navajo Power worked closely with the Cameron and Coalmine Canyon chapters of the Navajo Nation to select an appropriate site for the project, and has held regular stakeholder engagement meetings with these communities for over 4 years.²⁴⁶ They have completed biological, cultural, and environmental surveys and studies, and obtained necessary clearances.²⁴⁷



To further their mission to create access to clean energy for Navajo families, in August 2022 Navajo Power launched a joint venture off-grid solar company, Navajo Power Home, in partnership with Ilum México.²⁴⁸ Since launch, Navajo Power Home has installed over 80 off-grid home solar systems for Navajo families, with plans to increase this number three-fold in 2023.²⁴⁹ Clara Pratte (Navajo Nation), Navajo Power Co-Founder, was awarded the Pritzker Emerging Environmental Genius Award by the UCLA Institute of the Environment and Sustainability.²⁵⁰ This recognition included an award of \$100,000, which Navajo Power utilized to help fund Navajo Power Home.

Navajo Power was selected to participate in Apple's 2022 Impact Accelerator program,²⁵¹ and is now trained to become a preferred provider for Apple. Navajo Power's executives and staff are emerging thought leaders representing Indigenous voices in the clean energy field, and have presented their work and vision at numerous conferences and symposiums.

Navajo Power's loan syndicate demonstrates how investors can come together to create funding structures that are catalytic of a project's long term financial and mission success, and how community benefit can be woven into a term sheet. The strategy utilized by the Candide Group and Navajo Power can serve as an example for how to create catalytic deals for other entrepreneurs with similarly big visions. This example also illustrates the powerful impact project champions can make when they truly listen and respond to what their partners on the ground actually need. Navajo Power's work is sovereignty in action, and catalytic investors have supported Navajo Power's ability to pursue their own goals and mission in the way that they want to pursue them—in partnership with Navajo communities to achieve energy sovereignty and economic prosperity for Native Peoples, starting with the Navajo Nation.

11

THE FIELD NEEDS INFRASTRUCTURE FOR POOLING CAPITAL

There is an opportunity for Native organizations to build strategic partnerships and aggregated infrastructure for convening capital in order to receive larger investments and multiple kinds of capital, and to distribute integrated capital to Indian Country on a broad scale.

Another theme that arose in interviews is that there is an opportunity to increase the flow of capital into Indian Country by creating clearer avenues for pooling or convening capital. While pooling investments among foundations exists, it is still rare within the broader Indigenous enterprise ecosystem. As discussed in the case studies on pages 34-38, 52-59, and 73-79, some of the most catalytic investments identified in this research involved an investor who worked with and for the Native enterprise to bring multiple other capital providers to the deal. These catalytic investors used their relationships, networks, and organizational bandwidth to convene capital based on the Native entrepreneur's goals and desired terms.

While individual organizations or investors convening others is a powerful approach to moving catalytic capital to Native enterprises, the field of Native finance could benefit from more formalized, broader infrastructure for convening capital. Numerous Native organizations are already working to convene funders to provide capital to Indian Country, for example NDN Fund,²⁵² First Nations Development Institute,²⁵³ Oweesta Corporation,²⁵⁴ Indigenomics Institute,²⁵⁵ the Reconciliation and Responsible Investment Initiative²⁵⁶ (a partnership between the National Aboriginal Trust Officers Association²⁵⁷ and the Shareholder Association for Research and Education²⁵⁸), and the Right Relations Collaborative²⁵⁹ alongside a number of non-Native partners such as Candide Group,²⁶⁰ Impact Finance Center,²⁶¹ Full Spectrum Capital Partners,²⁶² and Sustainable Agriculture and Food Systems Funders.²⁶³ Additionally, many Native intermediaries and organizations are fundraising on their own. Our research found that there is an opportunity for Native organizations (and their partners) to share labor and relational networks to fundraise together, or to create a larger Native-led entity to convene capital for Indian Country.

A large, Native-led capital convener could address two barriers which research participants discussed in interviews. First, while Native intermediaries are growing rapidly, many are still developing the infrastructure to move larger amounts of capital. Operating at a smaller ticket size can make Native intermediaries ineligible to receive funding via certain government programs and from foundations which have minimum requirements for the amount of a loan, or for the total assets controlled by an intermediary. Aggregated Native-led infrastructure would allow a Native-led entity of a size amenable to foundation requirements to convene these funds and then redistribute the funds to smaller Native intermediaries in amounts appropriate to their specific capacities and needs.

Second, our research also found that there is a significant need to increase Native enterprises' and Native intermediaries' access to not just catalytic capital, but also to all kinds of capital along the full continuum of capital²⁶⁴ from grants to impact investments to sustainable investments to capital with commercial rates of return. Increasing the availability of all kinds of capital will support a healthy financial ecosystem in Indian Country. Large-scale convening infrastructure could facilitate access to additional forms of capital beyond catalytic capital. As Stephanie Gripne, Founder and CEO of Impact Finance Center and Impact Investing Institute, explained:

We are missing key infrastructure in Indian Country. For example, if we want to activate capital stewards for workforce housing in the mountains of Colorado, we can partner with several local community foundations. If, however, Native leaders want to activate capital stewards for Indian Country, they do not have a community foundation that has aggregated donor-advised funds, making it more difficult to find aligned capital stewards. Bottom line: when we are able to create more community infrastructure, we could go activate capital stewards at scale from corporate America to foundations and unlock full spectrum capital at scale for Indian Country. What is clearly evident is that having every entity fundraise on its own is incredibly inefficient and ineffective for everyone in the system. It's hard on both the investor and social venture.²⁶⁵

As Gripne emphasizes, while there are a growing number of CDFIs and regranting and revolving loan vehicles, there is currently no clear place for capital providers to go to easily invest in Indian Country across the full spectrum of capital. By creating an easy, straightforward pathway, a convenor could activate funders who are interested but currently don't have the knowledge or relationships to actually invest, making it easier for intermediaries such as Oweesta Corporation and the other 70+ Native CDFIs to raise capital. Gripne also described how a Native aggregator using a trust to pool capital could use this approach to provide Native enterprises with integrated, full spectrum capital—the aggregator could accept capital in family of funds (for example donations/ grants, loan guarantees, a “low” monetary return on investment, and a higher monetary return on investment) and then “mix and match” this capital to provide integrated capital at any rate, based on the needs of the Native entrepreneur.²⁶⁶ This approach could open the door for investors who seek higher monetary returns on investment to participate in providing capital to Indian Country. Furthermore, this would allow the Native aggregator to accept new types of capital from existing donors, who might currently be providing grants to Indian Country but would also deploy loans or venture capital if there were a vehicle for them to do so.

FIVE RECOMMENDATIONS: INCREASING THE FLOW OF CATALYTIC CAPITAL + FOR INDIAN COUNTRY

Based on the challenges and success points we found in our research, we identified a set of five keystone recommendations to expand **Catalytic Capital +** delivery to Native Peoples.

These recommendations offer concrete steps to redistribute power in investing and finance to address structural racism and forward Native self-determination. Rebalancing power is essential to reimagining capitalism and building more equitable economies, and shifting power toward Native entrepreneurs requires change at a systems level. The ultimate mark of success is when all Native entrepreneurs can readily access capital which is catalytic *as they would define catalytic*, capital which they can use to ignite their self-determined enterprise visions and enact sovereignty. This will support flourishing Indigenous economies which create wealth in alignment with Indigenous values such as financial success, social benefit, community wellbeing, environmental health, and cultural continuity.

Our research found that investors and donors have agency to reimagine the status quo and deploy catalytic capital. Furthermore, Native entrepreneurs and intermediaries are crafting new, impactful approaches that are reshaping capital access in Indian Country. As the examples throughout this report illustrate, when capital providers and Native entrepreneurs work together, they can successfully deploy **Catalytic Capital +** infusions and bring about new configurations of capital which drive Native economic power. Taken together, the following recommendations offer strategies grounded in our research findings which could transform the capital landscape in Indian Country for generations to come.

1

ENACT DATA JUSTICE

Data justice is critical to increase catalytic capital flows to Native entrepreneurs and accountability in philanthropy.

There is a persistent lack of data and quantitative disclosure from philanthropy and investors regarding their catalytic or integrated capital investments in Indian Country. This lack of data hinders fulsome understanding of when, how and where investments are being made and reduces the accountability of philanthropy to the public and Indian Country. The dearth of public information makes it seem that investments into Native enterprises are rarer than they are, and maintains the myth that Native entrepreneurs are not “investment ready” or are “too risky” for investment support beyond grants. Data transparency is crucial to allow Native entrepreneurs and capital providers to be aware of the ecosystem and participate fully. The following recommendations are in service to setting up an improved data ecosystem for **Catalytic Capital +** flows into Indian Country.

1

Private and philanthropic investors should share data on investment activity in Indian Country to grow the field.

Capital providers can share data through formal reporting (e.g. IRS Form 990s) or through dedicated spaces on their websites, or provide data to a central data repository. Foundations could use their mandated reporting requirements to document flows of capital with more detail. At the same time, mandated reporting requirements alone are not sufficient for transparent reporting. Capital providers should also track who capital is benefitting and how the capital is catalytic in nature, and should make this data publicly available. **Appendix C** provides a list of data fields that capital providers could track and share to support data justice.

2

To further transparency it is essential that the IRS mandate improved reporting on PRIs and MRIs and data aggregators provide the infrastructure to track the catalytic use of capital.

Changes in IRS mandated reporting would include detailed information on Program-Related Investments (PRIs)/Mission-Related Investments (MRIs)”, inclusive of the investee and amount invested. Data aggregators, such as Candid²⁶⁷/Guidestar,²⁶⁸ and Propublica,²⁶⁹ would then be able to link grants and investments by philanthropy across years into a single entity (e.g. 2018 = grant, 2019 = grant, 2020 = investment) to highlight the use of multiple forms of capital as catalytic. Furthermore, Native organizations can push for this data reform to transform the field.

3

Native intermediaries and Native entrepreneurs should be encouraged to share data about the capital they've distributed or received.

Capital recipients can share data to support the goal of broadly increasing investment and the use of catalytic capital. At the same time, data sharing may be a burden to Native entrepreneurs with limited bandwidth who are already devoting significant time to building their businesses. For this reason, it is necessary to simultaneously create other avenues for collating data directly from capital providers.

4

Creating data collection and analysis services that focus on all investments in Indian Country and for Native entrepreneurs is critical to growing the pool of available investments.

Multiple interviewees stated that there is no one location for capital providers to go to view data on past and current investments in Indian Country, or to learn more about investment-ready Native enterprises. There is opportunity for an organization to aggregate data, lessons, and needs across the space to facilitate the deployment of additional catalytic capital. These activities may be classified as a “data warehouse” and should be supported by government or philanthropic grants, and outputs may include annual reports, deal clearinghouses, investor profiles, and concierge services for entrepreneurs seeking mission-aligned capital. These outputs link directly with the goal of achieving broad reporting. Further, a data warehouse could provide free or reduced costs to access the data to incentivize wide participation.

The creation of a data warehouse should be a participatory process that is informed by varied actors in the field to meet multiple needs. Organizations and non-profits working to accelerate the flow of capital into Indian Country should participate in designing how to best collect, synthesize, and distribute data on the deployment of catalytic capital. With collaboration and support from investors, philanthropy, and entrepreneurs, data collection and analysis services could provide a centralized data repository for information on investments into Native entrepreneurs and in Indian Country.

5

Relevant government agencies should assist with aggregating data, and/or contract non-profit partners to do this work.

Including catalytic capital investments and tools of integrated capital as part of investment research will show a fuller picture of capital inflows and investor opportunities in Indian Country. The Office of Native American Affairs within the U.S. Commerce Department is responsible for supporting economic development activities in Indian Country, and several federal government branches also report on the economic state of Indian Country. These entities should produce annual reports on private and philanthropic activity supporting economic development. Government grants or contracts to non-profit partners could also be used to aggregate this data, for example, by supporting the expansion of existing efforts to aggregate economic data from Indian Country for policy makers, such as through the Center for Indian Country Development (CICD).

2

CENTER INDIGENOUS-LED INTERMEDIARIES

Indigenous-led intermediaries are the most effective conduits for increasing catalytic capital flows to Native entrepreneurs.

The strength of Native-led financial intermediaries cannot be understated. Organizations such as Oweesta Corporation have a decades long track record in Indian Country. Native intermediaries have established trust and relationships with their clients, and have designed capital delivery mechanisms that directly address the needs of Native entrepreneurs and investors. Further, Native CDFIs and all financial intermediaries are subject to regulations; this can reduce investors' perceived risk of investment in Indian Country. Regulations also apply to funds that have distinctly Native underwriting criteria, such as Native Women Lead. The following recommendations are in service to placing Native intermediaries at the center of efforts to increase catalytic capital flows to Indian Country.

1

Capital providers should directly resource new and existing Native intermediaries and provide *Catalytic Capital +* for Native intermediaries to expand their programs.

Expanding funding for Native intermediaries will increase the amount of **Catalytic Capital +** funding and technical assistance these intermediaries can make available to Native entrepreneurs. Our research found that Native intermediaries are best equipped to support the flourishing of Native entrepreneurs when they have ample access to flexible capital to provide to these entrepreneurs. To support this, philanthropy can provide grant capital as first-loss, flexible capital for Native-led intermediaries, as well as larger investments of catalytic capital.

2

The financial sector should look to the thought-leadership of Native intermediaries for design solutions and new ways to approach creative capital.

Native intermediaries' solutions are informed by their deep expertise developed through relationships with their communities and extensive work with Native entrepreneurs. Native intermediaries have a strong sense of what Native enterprises need to flourish, and Native leaders are best positioned to provide solutions that support sovereignty and self-determination.

3

Native intermediaries, Native organizations, and allies in the financial sector could form strategic partnerships to expand the number and type of Native-led entities that aggregate, convene, and/or pool capital to invest in Indian Country.

As discussed on page 80, numerous Native and non-Native organizations are working to convene capital for Indian Country. Our research found that the field could benefit from strategic partnerships between organizations to build on existing successes and aggregate capital for Indian Country on a larger scale. In this work, Native leadership is essential to ensure that power is rebalanced within the financial space and that investments are structured to meet the needs of Native entrepreneurs.

Our research also found that there is a significant need to increase capital flows to Native enterprises and Native intermediaries at all points along the full continuum of capital from grants to impact investments to sustainable investments to capital with commercial rates of return—there are opportunities for investors to provide not just catalytic capital, but all kinds of capital. A large-scale Native capital convenor could offer an entry point and create a straightforward, easy pathway for investors of every kind to provide capital to Indian Country through some or all of the following approaches:

- Accepting capital in multiple vehicles, such as donations/grants, loan guarantees, a “low” monetary return on investment, and a higher monetary return on investment, and then “mixing and matching” this capital to provide integrated, full spectrum capital to Native entrepreneurs.
- Offering matchmaking services to help investors and enterprises find one another for direct investments.
- Building the capacity of Native entrepreneurs by providing tools to create meaningful capital stacks and investing terms that both sustain the Native entrepreneur’s investment model and provide the appropriate types of capital for it.
- Coordinating more investors clubs for investors in Indian Country. For example, Impact Finance Center and Oweesta Corporation successfully coordinated an investors club for Indigenous communities;²⁷⁰ the field could benefit from additional clubs to reach more investors. These clubs can provide places for investors to develop literacy pertaining to Native nations, learn about investment opportunities, and streamline the process of convening capital providers for specific investments.

3

INCREASE INVESTOR LITERACY IN “NATIVE NATIONS 101”

Increasing investor literacy in “Native Nations 101” topics is essential to reduce the education burden placed on Native entrepreneurs.

Currently, Native entrepreneurs spend excessive time educating prospective investors and providing basic information on Native nations, Native Peoples, and tribal enterprise. Repeatedly providing education to each new potential investor, particularly when those investors are ultimately unable to provide capital, is a drain on Native entrepreneurs’ time and organizational capacity. The lack of literacy on Native issues within the U.S. as a whole, rooted in systemic racism and unwillingness to face the realities of colonial history and ongoing colonialism, persists without any mechanisms to redress the ongoing harms to Native communities. Investors expect Native entrepreneurs to compensate for their lack of literacy by providing education before they will consider investing in the Native entrepreneur’s business. This hurdle represents a barrier to equitable capital access, one which non-Native entrepreneurs do not face. To be clear, investors’ desire to learn about Native topics is positive; however investors should approach this learning with respect for Native entrepreneurs’ time and expertise. The following recommendations are in service of removing the education burden so that Native entrepreneurs can focus their time and energy on building their businesses.

1

Investors should use existing resources to self-educate and develop an initial understanding of topics pertaining to Native nations and investing in Indian Country.

There are numerous publicly available resources on Native history, Indian law, and current political issues impacting Native nations. There is also ample information on tribal enterprises and Indigenous economies, including information provided by Native leaders, Native scholars, and Native news outlets. There are resources built for investor education by organizations such as Native Governance Center, Native Americans in Philanthropy, and Oweesta Corporation. Investors can also turn to Native organizations and intermediaries who are offering educational resources and support. See **Appendix B** for a list of resources.

Furthermore, investors can work to develop local cultural competency; this is a significant asset for building successful relationships with Native entrepreneurs. Investors should keep in mind that Native Peoples are heterogeneous, and take time to learn about the specific cultures, histories, and economies of the area where they are working, as well as any federal, state, or local government policies or regulations shaping the legal landscape of Native nations in the region.

2

Foundations and non-Native investors who are experienced in investing in Indian Country can assist with educating new investors by sharing information about their own experiences.

Non-Native investors who have successfully provided capital to Native entrepreneurs can take on the role of peer educators and help bring other funders up to speed about business in Indian Country.

3

Foundations and investors can pay Native entrepreneurs and intermediaries for their time spent providing education, or hire a Native intermediary to provide educational services.

If a Native entrepreneur or intermediary spends a significant amount of time providing “Native Nations 101” education to an investor, it is appropriate for the investor to pay them for their time and expertise.

4

While investors should devote time to preparation, they should not allow the education hurdle to prevent action.

It is appropriate for investors to come prepared with some basic knowledge about Native nations as a starting point for their conversations with Native entrepreneurs. However, investors should not allow their knowledge gaps to cause them to delay stepping into investing in Indian Country, nor should investors hesitate to ask questions when speaking with a Native entrepreneur. Curiosity and an open mind are assets. Native entrepreneurs welcome questions, especially those aimed at learning more about their project, vision, or community, or questions around how the investor and entrepreneur can design together to develop creative finance solutions. By self-educating in advance of a meeting, investors can ask better questions and take conversations with entrepreneurs to a deeper and more generative place.

NATIVE ENTREPRENEURS
WELCOME QUESTIONS,
ESPECIALLY THOSE AIMED
AT LEARNING MORE ABOUT
THEIR PROJECT, VISION, OR
COMMUNITY, OR QUESTIONS
AROUND HOW THE INVESTOR
AND ENTREPRENEUR CAN
DESIGN TOGETHER TO
DEVELOP CREATIVE
FINANCE SOLUTIONS.

4

PROMOTE INTEGRATED CAPITAL STRATEGIES

Foundations must resource the internal connections between their grantmaking teams and investment teams to support the delivery of integrated capital to Native entities.

Our research found that integrated capital combining both grants and investments is the most catalytic for Native entrepreneurs. However, firewalls between foundations' grantmaking and investment teams prevent foundations from providing integrated catalytic capital. The following recommendations are in service to providing capital in formats which are truly catalytic to Native entrepreneurs, as described in our definition of **Catalytic Capital +** on pages 23-25.

- 1

Foundations should share knowledge about working in Indian Country between their grantmaking and investment teams.

Many foundations have built deep and meaningful relationships with Native organizations in their grant programs, and have a reputation and values-centric model built on those experiences. Where foundations have instituted trust-based philanthropy or Native-first grant programs, foundations should resource sharing those learnings internally so that their grantmaking teams can support their investment teams to build their knowledge set. This sets up the internal conversation necessary for teams within the foundation to collaboratively design creative methods for deploying integrated capital which truly support Native enterprises.
- 2

Align foundations' internal policies to allow for the provision of integrated capital including both grants and investments.

Native entrepreneurs expressed the need for both grants as runway capital, and investments to support building and scaling their enterprises. Furthermore, ongoing grants in combination with investments are essential to support Native projects focused on creating sustained social impact.

3**Foundations should fund social enterprises,²⁷¹ in addition to funding non-profits.**

Foundations need to find ways to fund for-profit social enterprises with high social impact in similar ways as they fund non-profits; this allows foundations to use market-based mechanisms to solve social issues. For example, foundations can fund for-profit entities if they exercise expenditure responsibility and track their charitable expenditures. If foundations were to consistently offer funding to for-profit social enterprises, this would shift the burden away from Native entrepreneurs who otherwise must create dual non-profit and for-profit entities to accept grants and investments. Putting the onus on the investor to move capital to the entity that best supports the Native entrepreneurs' vision allows the entrepreneur to retain focus on their business plan.

4**Foundation trustees and investment committees need to shift from being gatekeepers to gate openers by recognizing how the perpetuity goals of endowments do not shift power to Indigenous communities.**

Many in philanthropy are demonstrating how grants made alongside Program-Related Investments (PRIs) and Mission-Related Investments (MRIs) with modest capital preservation returns are leveraging great strategic impact for the causes and communities their foundations were created to address (for example, see Kataly Foundation²⁷²). While some foundations argue that a carve out for PRIs and/or MRIs reduces the endowment return profile, a rising chorus of philanthropists and social movement leaders are questioning the validity of perpetuity and note that a continuing focus on perpetuity will not shift power to economically marginalized communities or address the fundamental challenges of extractive capitalism. Philanthropy's attachment to perpetuity works to guard wealth and uphold an extractive economic system uninterested in genuine economic transformation.²⁷³

5

INVEST IN RIGHT RELATIONSHIP

Right relationship is essential to increase catalytic capital flows.

Our research found that successful infusions of catalytic capital into Indian Country are characterized by right relationship between investors and Native entrepreneurs—this includes trust, communication, intentionality, time, boundaries, clarity of roles, and reciprocity. The following recommendations are in service to creating clear roles for investors, to support good relationships with Native entrepreneurs and shift power appropriately within these relationships.

1

Listening, transparency, and clear communication are key to right relationship.

Good relationships take time, which is necessary to build trust. Investors can develop intentional processes to facilitate relationship building, and could incorporate the following practices, for example:

- Create space for a timeframe that allows for dialogue; dialogue that entails questions, answers, discussion, and follow up in multiple one-on-one or group settings.
- Communicate transparently with the Native entrepreneur about who within the foundation or organization can approve an investment recommendation and the approval process. Investors should clearly explain their recommendation and approval process and timeline up front, and be clear about their own role within the foundation or organization—for example, whether they are able to follow through on commitments and if they are in a position to make investment recommendations.
- Ensure that others within the foundation, and any outside collaborators, are given the education necessary to build a positive relationship with the Native entrepreneur, centered on creating a values-aligned investment commitment.
- Bring intention to the legal team and the preparation of documents outlining the terms of the investment to ensure that the process and documents support respectful engagement with the Native entrepreneur.

2

Catalytic investors shift power to Native entrepreneurs by leveraging and extending their own relationships and networks to support the Native entrepreneur's vision.

Native intermediaries and entrepreneurs are not well known in impact investment spaces and generally do not have connections to networks of capital providers. Investors can leverage their own networks by making initial introductions to connect Native entrepreneurs to contacts who can provide support, allyship, resources, or capital.

3

Investors who actively bring in other funders to their deals provide a layer of risk mitigation via relationship that positively benefits the Native enterprise.

In doing so, investors fundamentally undercut the persistent myth that investment into Native entrepreneurs is high risk. For many reasons, Native entrepreneurs often have little power to negotiate deals that are catalytic *as they would define catalytic*. Our research found that in successful investments, investors shifted power by doing work such as crowding-in like-minded investors, sharing due diligence, and carrying Native priorities into networks of investors. This work is an important way for investors to build relationships with Native entrepreneurs, create trust, and show allyship in action by using their own leverage to uplift Indigenous solutions.

4

Investors should take time to understand and appreciate the Native entrepreneur's relationships, goals, and context.

Investors could embrace the following practices, for example:

- Respect the relationships that Native founders bring to their work. These community ties, knowledge, and networks reflect years of experience and insight that are often difficult to describe in a few written paragraphs.
- Take time to visit Native partners in their communities and workplaces. Often a site visit can help describe the context in a way that pitch decks and business plans cannot. Gain an appreciation for the people, the land, the infrastructure, and the economy.
- Work to develop local cultural competency so as to better understand the specific cultural and political dynamics of the Native entrepreneur's nation and community.
- Appreciate the ways that Native intermediaries adapt their services to respond to Native borrowers' needs, and explore ways to deploy capital that are in alignment with these models.

5

Investors need to recognize the value in “getting to a quick ‘no’”.²⁷⁴

This points to the need for investors to know what they are able to do fairly quickly after entering into conversations with a potential Native investee. Transparency from the investor about the extent to which they are able to assist can correct for the power imbalance between the investor and the Native entrepreneur. Capital providers can also revisit Native entrepreneurs whom they have said “no” to if at any point circumstances change and there is a possible pathway to a “yes”.

6

Native entrepreneurs can strive to provide clear, consistent communication to investors to build relationship and facilitate values-aligned, catalytic deals.

Our research found that there is a need for Native entrepreneurs to provide clear and consistent communication to investors. When Native entrepreneurs are seeking new forms of debt or equity investments, they should discuss their pain points, pressures, successes and strategies with the investor in order to build relationship. Our research found that where Native entrepreneurs had to renegotiate terms or go back to ask for different types of capital, these early conversations with the investor built the investor’s trust in the Native entrepreneur’s values-orientation and business plan, which allowed the renegotiation to even more directly support enterprise success.

Additionally, Native entrepreneurs who received successful catalytic capital investments recommended that Native entrepreneurs design their ask around what their project actually needs, rather than what they think investors want to hear. When Native entrepreneurs are up front about the terms necessary to support their success, this gives investors the information necessary to design investments which shift power toward the Native entrepreneur and support their self-determination.

CONCLUSION

THE TIME TO INVEST IN INDIAN COUNTRY IS NOW

Native Peoples have built economic power, Native businesses are flourishing, and there are ample opportunities to fund successful Native enterprises both on and off reservations.

Yet Native economic invisibility persists, and Native entrepreneurs continue to encounter capital gaps at numerous points along the full continuum of capital. Traditional funding mechanisms will only serve to continue the status quo; shifting power toward Native entrepreneurs requires change at a systems level. For philanthropy and investors, this means allocating resources to Native-led and Native-designed solutions that Native intermediaries and entrepreneurs are crafting in real time.

OUR RESEARCH FOUND THAT
CATALYTIC CAPITAL IS BEING
SUCCESSFULLY ACTIVATED IN
INDIAN COUNTRY, AND THAT
THE WAY THIS CAPITAL IS
BEING DEPLOYED DIFFERS
FROM OTHER CONTEXTS. THIS
IS **CATALYTIC CAPITAL +**:

+1

Grants, specifically grant capital coupled with investment capital as part of an integrated capital stack

+2

Clear commitments to long-term consistent capital delivery

+3

Technical assistance

+4

Right relationship

Catalytic Capital + involves intentionally reimagining capital provision to rebalance power between capital providers and Native entrepreneurs. Rebalancing power means putting the needs of the Native entrepreneur before the needs of the capital provider.

Successful infusions of **Catalytic Capital +** into Indian Country are characterized by reciprocity in relationship. Successful investments involve investors building relationships with Native entrepreneurs over time, with respect for the pace of relationship. This relationship building should be authentic, directional, and guided by an understanding of power dynamics and of each party's professional goals.

THERE IS AMPLE OPPORTUNITY FOR NEW
INVESTORS TO BEGIN BUILDING RELATIONSHIPS
WITH NATIVE ENTREPRENEURS.

The best way for investors to step into providing **Catalytic Capital +** to Native enterprises is simply to do it. With a willingness to learn and mindfulness of the need to rebalance power, successful investments can be activated through collaboration and creativity. **There is no reason to hesitate—the time to invest in Indian Country is now.**

APPENDICES

A

APPENDIX A: GLOSSARY

Below Market-Rate of Return

An investment earning less than the market average or benchmarked market rate of return for its asset class.²⁷⁵

Blended Finance

“Blended finance [is] the use of catalytic capital to adjust the risk-return profile of investments to an acceptable level for private investors.”²⁷⁶

Capital Stack

“Capital stack” refers to all types of funding which are invested in a project, including both equity and debt.²⁷⁷

CDFI

Community Development Financial Institutions (CDFIs) are “financial institutions such as a community development corporation, bank, credit union, or loan or venture capital fund, that [have as their] primary mission to provide credit and financial services to underserved markets and economically disadvantaged populations.”²⁷⁸

Direct Investment

“An investment, typically an equity investment, made directly into a singular company.”²⁷⁹

Extractive Capitalism/Extractive Capital

Extractive capitalism (or an extractive economy) is designed to generate maximum financial returns and distribute them upwards to the small group of people who own and control the majority of economic resources.²⁸⁰ Similarly, extractive capital is designed to generate maximum financial returns for the capital provider, at the expense of the capital recipient.

Full Spectrum Capital

Full spectrum capital strategies take the view that for every capital outflow, each dollar has a financial as well as impact return, and that negative percentage financial returns are acceptable when they are balanced with a non-monetary return on investment such as social impact.²⁸¹ A negative percentage financial return could include anything from a grant (-100% return) to an integrated capital investment that returns -99%, -50%, -25%, -1%, etc.

Guarantee

"An agreement to perform the obligations of a third party if that party defaults."²⁸²

Impact Investing

"Investing capital with the objective of achieving measurable positive social and/or environmental impact alongside financial returns."²⁸³

Indian Country

In alignment with the National Congress of American Indians' definition, we use "Indian Country" to refer broadly to Native spaces and places within the United States, inclusive of the many tribal nations that occupy these spaces. According to the National Congress of American Indians, "The term 'Indian Country' is leveraged broadly as a general description of Native spaces and places within the United States, and it is inclusive of the hundreds of tribal nations that occupy these spaces. The term is used with positive sentiment within Native communities, by Native-focused organizations such as NCAI, and news organizations such as Indian Country Today. [...] When used appropriately, Indian Country takes on a powerful meaning, legally and symbolically, for all tribal nations. Indian Country is wherever American Indian spirit, pride, and community are found. It resides not only in law books, legislation, and historical treatises, but also on ancestral homelands, within our homes, and in the hearts of American Indian, [Native Hawai'i]an and Alaska Native people everywhere."²⁸⁴

Integrated Capital

“Integrated capital is the coordinated use of different forms of financial capital and non-financial resources to support an enterprise”, often one which is “working to solve complex social and environmental problems.”²⁸⁵

Intermediary

A financial intermediary is “an entity that acts as the middleman between two parties in a financial transaction [...]”.²⁸⁶

Investment

“An asset or item acquired with the goal of generating income or [increasing its value] over time.”²⁸⁷

Mission-Related Investment

Mission-Related Investments (MRIs) “are typically risk-adjusted or ‘prudent’, market-rate investments made from the foundation’s endowment [...] to advance a foundation’s mission across asset class and issue area.” “Unlike [PRIs], MRIs are not an official IRS designation, and different funders utilize different names to refer to this kind of impact investment [...] The key differentiator between MRIs and PRIs is that PRIs are essentially a program activity for tax and compliance purposes and must primarily be made to advance the charitable purpose of the foundation, and not to achieve an investment return.”²⁸⁸

Non-extractive Capital

Non-extractive Finance is the practice of providing finance “without the burden of collateral or debt typical of conventional finance [...] with the expectation of being paid back only when the enterprise succeeds. A core value of non-extractive finance is that loans should leave businesses better off, not worse, than when they started.”²⁸⁹ “Non-extractive finance, in its simplest expression, means that the returns to the lender never exceed the wealth created by the borrower. The same way agriculture is only sustainable if it does not extract nutrients from the soil over time, so finance can only be sustainable if it does not extract from, but builds wealth in, communities.”²⁹⁰

Program-Related Investment (PRI)

“Program-Related Investments (PRIs) are those in which: 1) The primary purpose is to accomplish one or more of the foundation’s exempt purposes, 2) Production of income or appreciation of property is not a significant purpose, and 3) Influencing legislation or taking part in political campaigns on behalf of candidates is not a purpose.”; 26 U.S.C. § 4944(c).²⁹¹

Return on Investment (ROI)

The “efficiency of an investment, measured as investment (gain minus cost) divided by cost.”²⁹²

Regenerative Capital

Capital structured in alignment with Regenerative Economics. Regenerative Economies can be distilled into eight principles: 1) Reciprocal, mutual relationships between humans and our environment; 2) Holistic views of “wealth” that consider the wellbeing of the whole system; 3) Innovation and adaptability; 4) Empowered participation; 5) Honoring community and place; 6) Learning from the innovation that exists at the “edges” of systems where they are weakest; 7) Robust circulation of capital and ideas; and 8) Balance.²⁹³ “A Regenerative Economy is most fundamentally defined by the following assumption: Economic vigor is a product of human and societal vitality, rooted in ecological health and the inclusive development of human capabilities and potential.”²⁹⁴

Restorative Capital

Capital structured in alignment with Restorative Economics, which is a community-based economic model which “strategically reinvests resources back into economically oppressed communities so that they can develop the capacity and skills necessary to identify their community economic development priorities.”²⁹⁵

Social Return on Investment (SROI)

An approach to understanding and managing the social impacts of a project by incorporating social, environmental, and economic costs and benefits in the decision-making process. Doing so “provides a specific measure of the effectiveness in allocating resources in the social sector,” allowing for “comparability of performance across similar sets of activities.”²⁹⁶

Values-aligned Capital

“Values-aligned investing is called by many different names [...] When choosing investments that are listed as ESG, SRI, impact, sustainable or any other term, it is imperative that you look past the name of the investments to the underlying holdings of the portfolio.”²⁹⁷

B

APPENDIX B: NATIVE NATIONS 101 RESOURCES

INTRODUCTORY RESOURCES

Native 101:

Native 101, Investing in Native Communities, nativephilanthropy.candid.org/native-101 (last visited Mar. 4, 2023).

Notes on the terminology to use when referring to Indigenous Peoples, their cultures, and their governments:

Twyla Baker et al., *How to Talk About Native Nations: A Guide*, Native Governance Center (May 27, 2021), nativegov.org/news/how-to-talk-about-native-nations-a-guide.

Changing the false narrative surrounding Indigenous Peoples:

Illuminative, *Change the Story Change the Future: Insights and Action Guide* (2022), illuminative.org/wp-content/uploads/2022/06/Insight-Action-Guide.pdf.

What different groups of Americans across socioeconomic, racial, geographic, gender, political ideology, generational lines think (and don't know) about Native Americans and Native issues, as well as what types of messages may begin to shift public perception:

Reclaiming Native Truth, *Research Findings: Compilation of All Research* (2018), illuminative.org/wp-content/uploads/2022/06/FullFindingsReport-screen-spreads-1.pdf.

RESOURCES TO UNDERSTAND THE HISTORICAL, LEGAL, AND POLITICAL CONTEXT OF NATIVE NATIONS

An introductory overview of the history and underlying principles of tribal governance, and information about tribal governments and American Indian and Alaska Native people today:

About Tribes, National Congress of American Indians, www.ncai.org/about-tribes (last visited Mar. 4, 2023).

History pertaining to Native nations:

History Through a Native Lens, Investing in Native Communities, nativephilanthropy.candid.org/timeline/era/boarding-school-and-land-allotment-eras (last visited Apr. 26, 2023).

Tribal land tenure issues stemming from the 1887 General Allotment Act (or Dawes Act) and how they continue to present day:

Land Tenure Issues, Indian Land Tenure Found., iltf.org/land-issues/issues (last visited Mar. 31, 2023).

An introduction to the “trust responsibility”, the legal relationship between Tribal nations and the United States and how it came to be:

National Congress of American Indians, Tribal Nations and the United States: An Introduction (2020), www.ncai.org/tribalnations/introduction/Indian_Country_101_Updated_February_2019.pdf.

Information about the impact of Indigenous leadership in confronting climate change and its primary drivers, highlighting the work of Tribal nations, Indigenous water protectors, land defenders, pipeline fighters, and more:

Indigenous Environmental Network and Oil Change International, Indigenous Resistance Against Carbon (Aug. 2021), www.ienearth.org/wp-content/uploads/2021/09/Indigenous-Resistance-Against-Carbon-2021.pdf.

RESOURCES ON INDIGENOUS ECONOMIES

10 Key Characteristics of Indigenous Economies:

Carol Anne Hilton, *The Indigenous Economy*, New Society Publishers (Mar. 1, 2021), newsociety.com/blogs/news/the-indigenous-economy.

International Funders for Indigenous Peoples' 5 Rs of Indigenous Philanthropy (Respect, Relationships, Responsibility, Reciprocity, Redistribution):

Mission and Values, International Funders for Indigenous Peoples, internationalfunders.org/about (last visited Mar. 4, 2023).

Explanation of how the “5 C’s of Lending” which investors use to assess risk tend to exclude Indigenous Peoples, and suggestions for inclusive and sound alternatives:

Jaime Gloshay & Vanessa Roanhorse, *Moving Beyond the 5 C’s of Lending: A New Model of Credit for Indian Country*, Nonprofit Quarterly (Oct. 6, 2021), nonprofitquarterly.org/moving-beyond-the-5-cs-of-lending-a-new-model-of-credit-for-indian-country.

Webinar about economy-building and decolonizing work in Indian Country, featuring three leading Indigenous economic justice leaders:

Steve Dubb et al., *Remaking the Economy: Economic Justice in Indian Country*, Nonprofit Quarterly (Oct. 15, 2021), nonprofitquarterly.org/remaking-the-economy-economic-justice-in-indian-country.

RESOURCES FOR INVESTORS INTERESTED IN COLLABORATING WITH NATIVE PEOPLES

Examples of how funders collaborate with and bring support to Indigenous communities around the world, and the practices they find effective:

GrantCraft, Funding Indigenous Peoples: Strategies for Support 29 (2015), internationalfunders.org/wp-content/uploads/2016/02/2015-Funding-Indigenous-Peoples-Strategies-for-Support.pdf.

Recommendations for grantmaking to Native-led organizations:

Pauline Butler et al., NB3 Foundation, Indigenous Voices & Practices: Recommendations for Grantmaking to Native-led Organizations (2020), www.issuelab.org/resources/36544/36544.pdf?download=true&gl=1*8hq46k*_ga*NTg5MDEwMjAxLjE2NzY1MTIxMTM.*_ga_5W8PXYYGBX*MTY3NzU0NDE5Mi4zLjEuMTY3NzU0NjExOC42MC4wLjA.&ga=2.244958789.1709527029.1677544195-589010201.1676512113.

Information to help Western philanthropists better understand Indigenous collaborators and the importance of Indigenous Sovereignty, including First Principles to facilitate collaboration with Indigenous communities:

Tapestry Institute, Standing Our Ground For The Land: An Indigenous Philanthropy (2022), tapestryinstitute.org/standing-our-ground-for-the-land.

Information about inequities in philanthropic giving, and how foundations continue to overlook Native communities. Includes perspectives and experiences of Native non-profit leaders, in their own words:

Ellie Buteau et al., Center for Effective Philanthropy, Overlooked (Part Two): Foundation Support for Native American Leaders and Communities 7, 14 (2021), cep.org/wp-content/uploads/2021/07/CEP_Overlooked_Native_American.pdf.

Background information on Native Community Development Financial Institutions (Native CDFIs):

What Is a Native CDFI?, Native CDFI Network, nativecdfi.net/about/what-is-a-native-cdfi (last visited Mar. 27, 2023)

Introduction to partnering with Native CDFIs:

Partner with a Native CDFI, Northwest Area Foundation, www.nwaf.org/wp-content/uploads/2021/07/NativeCDFIs-Partners-071521.pdf.

Lessons for investing in Native communities:

Jen Astone, *9 Lessons for Investing in Native Communities*, Confluence Philanthropy (Nov. 25, 2019), www.confluencephilanthropy.org/9-Lessons-For-Investing-In-Native-Communities.

Guide to how investors in Canada can advance economic reconciliation with Indigenous Peoples (with applicable lessons for investors working with Indigenous Peoples in the U.S.):

Reconciliation and Responsible Investment Initiative, *Advancing Reconciliation in Canada: A Guide for Investors*, reconciliationandinvestment.ca/wp-content/uploads/2019/04/RRII-Guide-FINAL-2.pdf.

Interview with Jaime Gloshey (Navajo/White Mountain Apache/Kiowa), Co-Director and Co-Founder of Native Women Lead, highlighting her experiences and key insights into how to support Native entrepreneurs:

Sara Torres Inda, Native Women Lead, *So the Rest of Us May Learn: Jaime's Journey*, NWBC (Nov. 22, 2022), www.nwbc.gov/2022/11/22/nwbc-enterprising-women-jaime-gloshey.

A guide for American Indian investors on socially responsible investing (SRI) and fiduciary duty (with relevant insights for non-Native investors looking to partner with Native investors):

Social Investment Forum Foundation, *Creating a Sustainable World: A Guide to Responsible Stewardship of American Indian Assets* (2010), www.ussif.org/files/Publications/TribalAssets.pdf.

C

APPENDIX C: SUGGESTED DATA REPORTING FIELDS FOR CAPITAL PROVIDERS

To support data justice and transparency in the field, we recommend that capital providers include the following data fields in their reporting:

- Lead capital provider name
- Capital provider contact name
- Capital provider contact email
- Capital recipient
- Capital recipient contact name
- Capital recipient contact email
- Names of other sources of capital
- Financial and non-financial support provided to capital recipient in advance of this transaction (e.g. technical assistance, grants, loans)
- Year of transaction
- Financial mechanism(s) used in transaction (e.g. debt, loan, grant, loan guarantee)
- Names of providers of non-financial capital
- Transaction description and structure (provide narrative including details of amount, rate, terms, collateralization, impacts sought, etc.)
- Type, amount and duration of financial support (grant type)
- Type, amount and duration of financial support (recoverable grant, capital preservation PRI type)
- Type, amount and duration of financial support (loan, debt, equity type)
- Expected non-financial returns
- Rationale for making investment
- Why is this catalytic?

D

APPENDIX D: DUE DILIGENCE GUIDE FOR CAPITAL PROVIDERS AND NATIVE CAPITAL SEEKERS

PRINCIPLES FOR FOUNDATIONS SEEKING TO PROVIDE CATALYTIC CAPITAL TO INDIAN COUNTRY

Work with Native-led Institutions and Intermediaries. Embrace a shared learning journey. Including Indigenous people on your staff can strengthen capacity and decision-making but does not replace the required learning about Native issues for all staff and leadership.

Become knowledgeable about Native Peoples, sovereignty, and economics. Understand how colonialism and the extractive economy undermine all aspects of Native wellbeing such as: health, education, infrastructure, access to credit, indebtedness, and entrepreneurial readiness. Be willing to overcome cultural barriers and recognize that the diversity of Native Peoples requires ongoing curiosity and humility.

Articulate your institution's guidelines and constraints (based on institutional culture, decision-making politics and investment policy statement), in terms of investment size, criteria, range of loan terms, and decision-making points among others and clearly communicate these to Native capital seekers early and often.

Remember due diligence processes incorporating mission and values are iterative and circular. Rethinking accepted ways of working leads to conversations about power and privilege. Shifting from a short-term to a long-term perspective shifts habitual work patterns and mindsets challenging the financial status quo.

Ensure all team members share and work from the same values and principles regardless of whether they are staff, consultants, legal experts, or others engaged in due diligence, term sheets, and ongoing monitoring processes.

Rethink “accepted or traditional” due diligence criteria when evaluating Native capital seekers as described in the Due Diligence 2.0 Commitment.²⁹⁸ Redefine what is “readiness” to accept investment and what runway is necessary to create the conditions for success.

Acknowledge that you are learning alongside your Native capital seeker.

Blending value-based decision-making, criteria, and analysis with financial metrics means different ways of both analyzing and measuring the impact and effectiveness of your capital. While the outcome metrics may yet be articulated, this does not prevent moving forward with the work.

Remember there is no “one size fits all” checklist. A comprehensive due diligence process is tailored to the initiative and always asks the question: “What factors and/or data are we overlooking?” A robust contextual analysis will inevitably lead to a lack of data and a set of unknowns that the team must put into perspective.

Right size your due diligence. Enable your team to differentiate between those investments requiring less due diligence and those with higher due diligence depending on the size of investment, their analysis of risk, the amount of loan loss reserve, the terms and types of investment.

Cede power in the contract negotiation process. Consider where and how you can enable Native-led Institutions to be successful and what that might take. Be willing to take a subordinated financial and leadership position. Practice co-creative principles of problem solving by listening, following, and leading.

Data gaps reflect structural racism. The persistent and dangerous lack of data on Native American assets, markets, capital flows and finance undermine the ability of communities and tribes to access the resources they need to develop sovereign and sustainable economies. This also may weaken your case before your board. Lack of data is not an excuse for inaction.

Adapt your capital to the proposed entity and engage with your Native leaders around the appropriate structure and approach for their initiative, recognizing that legal forms do not necessarily reflect the social purpose of their enterprise which may be a non-profit, for-profit or a hybrid mix of side-by-side entities (for and non-profit).

Respect the Native capital seeker's time. Communicate clearly and directly your process in terms of timeline and decision-making points. Be honest if things change that you don't have control over. Be clear on the decision makers within your institution. Be mindful of the types of documents and time required in a first phase of review.

Consider what resources and insights you can share. Native capital seekers often lack capital networks. Do you have access to funds to pay for a detailed business plan or market comparison? Do you have a network of peer investors or foundations with the appropriate kind or approach to capital?

PRINCIPLES FOR NATIVE CAPITAL SEEKERS

Build relationships with multiple and diverse entities to tap into a range of knowledge, capital, and resources. Seek out supporters and peers who offer diverse support ranging from legal and contract negotiation advice, to loan guarantees, investments and/or grants at different stages of business development. Creating a network will enable you to better navigate the many stages of your growth.

Explore multiple forms of capital and diverse business entities to build your capital stack. Not all investors will offer similar terms nor are they looking for similar outcomes. Figure out what you need in terms of capital and support and ensure that the blend of capital you secure works for your entity and initiative.

Assess the capital provider's experience working in Indian Country. Your time is valuable and you may choose to prioritize those investors who already have an understanding of and experience of working in Indian Country. Include resources such as: **Native 101**, **Decolonizing Wealth**, and **Investing in Native Communities Portal** in your slide deck and shift the burden of learning about Indian Country to the investor.

Develop a flexible business plan. When creating a pro forma or plan for your business, consider different levels of funding along the scale and growth spectrum. What is the minimum investment required to establish a track record? What is your ideal investment size?

Identify key decision makers and preferred communication channels. Pay attention to and find out who makes decisions and who does the due diligence in order to better understand the stakeholders and their process. While email is a commonly accepted form of communication, some people may respond more quickly to a text or phone reminder.

While all businesses have a thesis statement or vision of their value-add, consider articulating your value proposition in multiple ways. Most capital providers include committees of decision makers who are moved by a variety of outcomes and do not strictly adhere to a formulaic evaluation approach.

Accept investments and terms that enable your business to align with your mission and values. Capital providers come in many different guises. While Native entities need to demonstrate a viable business model, there is a growing movement to provide capital on flexible terms with high ratios of accompanying loan loss reserve, grant capital, and technical assistance to support the development of economic activity where little infrastructure exists. Do not take capital that will undermine your mission, ownership or governance structure.

Consider asking capital providers the following questions:

- What types, size and terms of capital are you able to provide?
 - Can you provide integrated capital of both grants and investments?
 - Can you provide us with other kinds of support including: technical assistance, networks, or markets? How do you provide that support?
 - If you decide to fund our project but cannot provide the full amount, are you able and willing to introduce us to other capital providers to help us reach our goal?
 - How do you negotiate terms?
 - What other groups have you invested in and can we talk to them about the process?
-

Be prepared to provide the necessary information and documents for the capital provider to complete their due diligence process. A list of possible information and documents that capital providers might request follows.

INFORMATION AND DOCUMENTS THAT CAPITAL PROVIDERS MIGHT REQUEST

This long list includes some of the information an investor may request. The amount of information requested often depends on the size of the investment offer.

1. Business plan with fully detailed understanding of operating costs, and revenue projections
2. Investor pitch deck: business summary, rationale, annual report
3. Contact information
4. Organizational documents
 - By-laws, articles of incorporation
 - Organizational chart
 - Ownership and profit-sharing
 - Board and management lists and bios of key actors
 - Organizational agreements
 - Analysis may include review of public documents
5. Management and organizational information: bios of key management, board of directors, number of employees
6. Employee information
 - List of all, salaries, benefits
 - Any employee problems
7. Products/Services
 - List of all existing products or services under development

8. Customer and client information

- List of largest customers and sales over past 2 years
- Unfilled orders
- Any supply or service agreements
- List of major competitors
- Reason for loss of any major customers over last 2 years
- Any survey or market research relevant to company or product and services
- Company's advertising programs, marketing plans, budgets and printed marketing materials

9. Material contracts

- All partnerships, subsidiaries etc.
- Loans, lines of credit or promissory notes
- Distribution, sales, marketing and supply contracts

10. Financial information: projections, fully diluted capital table, and term sheets or offering documents of previous rounds (if applicable). If multiple loans, a list of those and term sheets.

11. Financial statements and forecasts

- Audited and unaudited statements
- Financial forecasts
- Inventory, accounts receivable, accounts payable.
- Analysis of fixed and variable expenses, gross margins
- Monthly cash flow—general ledger
- Disclose any liabilities—lawsuits, pending litigation, regulatory actions
- Budget projections
- A list of physical assets, sales and purchases of equipment, leases, location

12. Other investors
 - Amounts, terms, approach
 - Term sheets of prior rounds
13. Development plans: Financial, marketing, sales, technology
14. Infrastructure—e.g., physical plants, information technologies, etc.
15. Insurance documentation
16. Environmental impact
17. Impact metrics/Value-add
 - Native suppliers and customers
 - Native ownership
 - Proximal location to tribal lands
 - Access to markets
 - Native income, employment and infrastructure
18. Ecosystem
 - How does the business work with and compliment others in the community
 - What do they add to the ecosystem of support for Native members
19. Legal information (licenses, permits, etc.)
20. Litigation disclosure
21. Intellectual Property
 - Copyrights
 - Trademark and trade names
 - Technical know-how

ENDNOTES

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First Peoples Worldwide works from a foundation of Indigenous values to achieve a sustainable future for all. First Peoples Worldwide is an Indigenous-led organization that translates on-the-ground impacts of investment affecting Indigenous Peoples to corporate decision makers through the intersection of business, law, and finance. Having started the flywheel of Indigenous-centered corporate engagement in the 1990s, First Peoples Worldwide is now a leader in deploying strategies to move the market towards respect for the rights of Indigenous Peoples. By building the business case for Indigenous rights and wellbeing, First Peoples Worldwide increases corporate accountability, facilitates investor engagement aligned with Indigenous priorities, and supports Indigenous leadership to achieve self-determined economic goals.

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Integrated Capital Investing (ICI) educates and catalyzes foundations and investors to use all of their assets (grants, investments and leadership) in combination to create equitable, regenerative and restorative economies. Through active learning, Integrated Capital Investing enables teams to develop values-aligned investment policy statements, implementation and evaluation frameworks and practices, as well as selecting a registered investment advisor, among other activities. In 2021, ICI launched The Transformative 25 list of funds, banks and initiatives demonstrating the power of integrated capital capital designed to reimagine the finance system to work for people and planet.

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Croatan Institute is an independent, nonprofit research and action institute whose mission is to build social equity and ecological resilience by leveraging finance to create pathways to a just economy. Since its launch on Earth Day in 2014, the Institute has worked collaboratively with more than 200 organizations, including environmental nonprofits, community development organizations, farmers and land stewards, impact investors, foundations, and government agencies, on complex problems at the intersection of finance, social equity, and ecological resilience. Croatan Institute's team has prioritized equity and inclusion, building relationships of trust with practitioners in the field and with movements for social and environmental change to expand the footprint and impact of their work. Headquartered in the Research Triangle of North Carolina, Croatan Institute has a networked team based across the South, Mid-Atlantic, Northeast, Midwest, and in Geneva, Switzerland.



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