Lakota Funds

Investing in the Oyate

Best Practices Guide

Microenterprise and Emerging Businesses, Native Small Business Support, and the Contributions of Financial Institutions to Community Development

Prepared By Kathleen Pickering Sherman

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Best Practices Guide

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Introduction

For the last 25 years, Lakota Funds has been paving the way for innovative solutions to community development challenges on the Pine Ridge Indian Reservation, and, since 2000, has served as a model for Community Development Financial Institutions ("CDFIs"), delivering high-quality services to emerging entrepreneurs in Indian Country and beyond. By combining different services and products in a flexible, synergistic and locally appropriate way, Lakota Funds has constructed a successful strategy for reservation community and economic development. Since 1986, Lakota Funds has helped thousands of artists and aspiring entrepreneurs and helped establish hundreds of businesses. Among the strengths of Lakota Funds model are:

1. Lakota Funds has been sustainable, significantly outlasting most other governmental and charitable approaches to community and economic development on the Reservation;
2. Lakota Funds has had positive effects on household and personal consumption for residents of the Reservation; and
3. Lakota Funds has had positive effects on the broader economy of the Reservation (Benson et al. 2011: 160).

Lakota Funds Best Practices Guide provides recommendations for loan products, services, administrative structures, curricular approaches, and other aspects of microenterprise and small business development support. The intent of this Best Practices Guide is to enhance the delivery of services to micro-entrepreneurs by other non-profit and governmental entities working to improve economically challenged communities. The history of Lakota Funds and the lessons learned from various experiments and trial programs are discussed in the context of each of these recommendations. New micro-enterprise development organizations will find special interest in the history behind each current Lakota Funds product and service, providing special considerations for starting up a community development financial institution.

Baseline performance for micro-enterprise development organizations includes providing services to local entrepreneurs that help build the private economic sector, providing services to the community that help build a foundation for private sector activities, and providing knowledgeable staff members who can facilitate the linkages between the newly emerging private sector and communities ready to transition out of poverty. While no one product or service provides "the answer" for every rural or reservation community, Lakota Funds stands as a model for how a long-term commitment from a local, non-profit community development financial institution can bring a transformation to low-income, isolated rural communities.

Lakota Funds is leading an economic resurgence on the Pine Ridge Reservation through culturally appropriate strategies reigniting the traditional Lakota spirit of productivity, commerce, and trade. In the 1980's a group of visionary community leaders assembled and realized that in order to break the cycle of poverty on the Pine Ridge Indian Reservation, they needed to focus on the key roadblocks to economic development: access to capital, access to technical assistance, access to business networks, and access to infrastructure. With assistance from Oglala Lakota College and First Nations Development Institute, Lakota Funds was established in 1986 as the first Native American CDFI and began working to break through these roadblocks. Lakota Funds' mission is to build financial literacy of tribal members, provide technical assistance in the loan application and home ownership process, repair personal credit histories and extend loans, and where possible graduate people to full-fledged depository

relationships with banks. Fundamentally, Lakota Funds is dedicated to broad-based community and economic development through entrepreneurship.

Providing Services to Entrepreneurs – Building Business Capacity

Business Training

One of the challenges for Native American entrepreneurs nationally has been a general lack of general business education (Miller 2008: 1308). From 1986 to 2010, Lakota Funds provided training to over 1,200 aspiring entrepreneurs. Through its business training programs, Lakota Funds provides opportunities for community members, aspiring entrepreneurs, and small businesses to build on their dream of owning and operating a small business. "Start Right: Build Your Own Business" is a three-week course that utilizes the "Start Right Build Your Own Business" curriculum. The purpose of this course is to prepare entrepreneurs for what to expect, and to give them as much practical information as possible so that they can start and manage a viable business. Entrepreneurs who want to apply for a loan of $5,000 or more from Lakota Funds are required to attend this course once a week for three weeks, with additional follow-up, one-on-one sessions with their Business Success Coach as is necessary to develop a full business plan. When the business plan is submitted, the entrepreneur receives a certificate of completion. The Business Success Coach may recommendation business training classes for entrepreneurs applying for loans under $5,000 as well.

History of Business Training and Recommendations

In its initial operations in the 1980s, Lakota Funds set a curriculum the staff thought was essential for micro-entrepreneurs seeking their first loan, entitled *Tokatakiya Iciskanpo: Prepare for the Future*. This curriculum included sessions on nation building and capital, personal goals and skills, marketing, budgeting, bookkeeping, and human resources (Pickering and Mushinski 1999: 18). Given the meager private sector economy on the reservation, many of the basic concepts of business management as well as the fundamentals of borrowing and lending were completely new to most Pine Ridge

residents. Therefore, a robust, multi-day business training course was developed and required of any individual who wanted to apply for any loan product or technical assistance. While the learning objectives were admirable, the timing and length of the initial training became one of the biggest obstacles to getting the loan fund off the ground. The people who were already operating micro-enterprises were busy generating income for their families, and could only meet the training requirements at the expense of the ongoing productivity of their micro-enterprise. Trainings were initially held during Lakota Funds office hours, which made sense for Lakota Funds staff, but directly conflicted with normal hours of operation of the entrepreneurs interested in loans. Those who were able to attend most often had not yet attempted any enterprise activities, and while gratified and enlightened by the training, were often reluctant to apply for a loan at the end of the training period because of their new realization of how difficult it is to develop and own a business. The timing and length of initial training courses continues to be fine-tuned to meet the entrepreneurs' real needs and local conditions, rather than imposing on the scarce time resources of serious business owners.

On the other end of the spectrum were local entrepreneurs who had been in business for many years but had secured their initial financing through sources other than Lakota Funds. As the Lakota Funds loan products progressed to more substantial dollar amounts (see Business Loans section below), several of these more established businesses became interested in working with Lakota Funds on their loan portfolio. Requiring that these established businesses take basic financial literacy and introductory business planning was another obstacle to launching the loan fund into lending more substantial and secure loans. Therefore, policy guidelines on requiring initial business training to qualify for loans must take into consideration the full array of local entrepreneurs who may become loan applicants. The more diverse the population of entrepreneurs that your micro-enterprise development organization can work with, the more stability and greater impact your organization will have.

The content of initial training curriculum was also revised and tailored with greater experience of the needs of real entrepreneurs. While Lakota Funds was determined that materials not directly relevant to potential borrowers should be minimized, there were

some surprises in the early years. For example, a unit on how to deal with family and community issues of alcoholism and substance abuse turned out to be ranked as one of the most important segments of the training by the entrepreneurs involved (Terkildsen and Pickering 2001). Understanding the local challenges for micro-enterprises was critical to giving them the support they needed to be successful.

Ultimately, through collaborations with national organizations dedicated to Native entrepreneurship and micro-enterprise, good training products were developed over time that were able to meet most of the needs of starting micro-enterprise development organizations. Among these available curricula are: *Start Right Build Your Own Business; Core Four; Building Native Communities; Credit Where Credit is Due; and Indianpreneurship*. The local conditions for entrepreneurship and the prevailing experience of local entrepreneurs should all be fully considered by the micro-enterprise development organization before a selection is made, and some adjustments for local culture, history, geographical location, and social conditions must still be made.

Success Coaching

As soon as a client expresses interest in a business training course, obtaining a loan, or engaging in some other program activity, Lakota Funds staff provides one-on-one services through Success Coaching. Success Coaching takes clients beyond the minimum engagement around straight credit and financing issues, and moves them into the broader arena of identifying business opportunities, perfecting their business management skills, and accomplishing their personal passions for entrepreneurship. As with other products and services of Lakota Funds, however, effective Success Coaching requires a steady investment of staff time with each client, so the unique attributes of every business idea can be explored, and each client can gain the knowledge and confidence to achieve the full potential of their business concept. Success Coaching relationships do not end with the repayment of a single loan or the completion of a single workshop. The relationship is long-term, evolving and transforming along with the experiences, goals, and opportunities of each entrepreneur.

Support from the Success Coaches is designed to keep clients motivated and answer questions that frequently emerge as someone starts or expands a business. They help customers address outside challenges that may arise, such as financial emergencies, childcare issues, or community crises, that may keep a client from focusing on their business. The Success Coaches at Lakota Funds create a nurturing environment for community businesses and aspiring entrepreneurs. The Lakota Funds Success Coaches are well-trained in all aspects of business assessment and technical assistance. Success coaching is designed to provide client-centered, hands-on coaching uniquely tailored to the needs and circumstances of entrepreneurs on the Pine Ridge Indian Reservation. Regardless of where an entrepreneur may be in the business planning process, Lakota Funds Success Coaches are able to help entrepreneurs develop an action plan to make their entrepreneurial goals a reality.

A Success Coach can help with general technical assistance, marketing, and business operations assessment to accomplish a broad range of tasks, including projecting cash flows, business planning, or finding the resources to develop a business idea. Effective marketing is an important element in any business' success, evaluating competition on and off the reservation, advertising effectively, and pricing products or services appropriately. Success Coaches will also help entrepreneurs determine what type of business structure is best for them, how different types of taxes that will impact a business, and which regulatory codes and policies on and off the reservation might benefit their business.

Success Coaches provide different services depending on the Lakota Fund program or product they are accessing. For example, people participating in Individual Development Accounts (see IDA section below) need encouragement and support in planning for their financial future, as well as information about the specific asset their savings plan is for. For Credit Builder Loans (see Credit Builder Loans section below), Success Coaches emphasize to clients the risk of losing their collateral in the event they do not pay as agreed, since these clients either have a track record of default and bad credit or no track record at all. Success Coaches are firmer with their Credit Builder Loan clients, strictly following policy guidelines with their clients, and making sure that all due diligence items are complete, both to model financial discipline and to protect

Lakota Funds from greater risk. Success Coaches have a much longer more intense relationship with Credit Builder Loan clients once a loan is approved, including on-going budget meetings to make sure the Credit Builder Loan client is managing their finances properly to avoid another experience of default and bad credit. For Business Loans (see Business Loans section below), Success Coaches provide the highest level of knowledge, technical experience and support. In addition to completing thorough due diligence, the Success Coach works with the Business Loan client to ensure they have a solid business plan and that all areas of their proposed operation are clearly defined and verified. Business Loan clients require strong and reliable support from their Success Coach, because starting a small business can be a long process, particularly if the client has limited experience, and if the loan amount is substantial.

Lakota Funds Success Coaches are backed by a network of businesses and resources in the pursuit of the private sector economy for the Pine Ridge Reservation. Besides coaching new business ventures in the start-up phase, Success Coaches assist private businesses in overcoming obstacles or contemplating expansion. The coaching needs of clients are often highly specialized. For example, Lakota Funds in collaboration with First Peoples Fund, Red Cloud Heritage Center and the Pine Ridge Area Chamber of Commerce provided a Professional Development Training for Native Artists which provided information on pricing merchandise, research marketing techniques, wholesaling, creating and building artist portfolios, budgeting, and developing websites for merchandizing. From 1986 to 2010, Lakota Funds provided marketing services to more than 1,600 artists and craftsmen.

History of Success Coaching and Recommendations

From its inception, Lakota Funds provided any and all forms of services and support that emerging entrepreneurs and loan fund clients requested in the context of starting up and working to repay their loans. However, given the limited history of private sector activity on the Reservation, Lakota Funds struggled to find staff members who had both the familiarity with reservation business conditions and the expertise of urban mainstream business consultants. Lakota Funds staff also felt stretched thin between counseling loan applicants, responding to service needs of loan clients, and generating broader local interest in entrepreneurship and economic development. As already

mentioned, (Business Training section above), requests by entrepreneurs for more in-depth information about marketing, business operations, or other types of technical assistance were filled by holding topical workshops on a periodic or one-time basis. Despite the hard work behind pulling these workshops together, there were often few entrepreneurs who would actually attend, for a host of legitimate reasons.

The need for a new approach to delivering services to entrepreneurs emerged out of a discussion of the shortcomings of training workshops and the difficulties of providing adequate support to help businesses stay successful after an initial loan was awarded. In looking at the challenges that loan recipients faced, Lakota Funds identified the need for on-going, flexible, and client-centered services that were responsive to the unique situation and stage of entrepreneurial development of each Reservation enterprise. In response, the Wawokiye Business Institute was created in 2004 to combine the local knowledge and reservation-based skills of Lakota Funds staff with a wide-ranging network of experienced entrepreneurs, research entities, and business-support organizations. While the precise form and structure of the Success Coach approach continues to evolve, the fundamental commitment to individually focused support of emerging and expanding entrepreneurs continues with the full energies, expertise, and networks available to Lakota Funds and its staff.

Loan Products

Small businesses are often the driving force of economic growth in the U.S, contributing more than 50 percent of the GDP and more than 80 percent of new jobs (Benson et al. 2011: 158). Lakota Funds has played a vital role in improving life for residents of the Pine Ridge Indian Reservation by placing capital with new and growing Lakota-owned businesses. Access to credit has been identified as one of the major barriers to reservation economic development nationally (Mushinski and Pickering 1996: 148). Beginning with its first loans in 1987, Lakota Funds' loan portfolio now exceeds $5.5 million, with mature business loans of up to $200,000. Lakota Funds loan programs try to address the realistic credit needs of reservation businesses, rather than defining a

small business in the millions of dollars, as is typical of SBA programs in mainstream economic development (Mushinski and Pickering 1996: 150). During its long-term efforts to expand Native entrepreneurship through credit access, Lakota Funds has helped finance more than 660 businesses owned by tribal members, in turn creating more than 1100 jobs. Lending for the purpose of starting or growing reservation businesses is the heart of Lakota Funds' mission.

All loan applicants must be enrolled or pending members of the Oglala Sioux Tribe or other federally recognized tribe, or be the spouse or partner of an enrolled member of the Oglala Sioux Tribe. Loan applicants also must reside and base their businesses on the Pine Ridge Indian Reservation or within 25 miles of the Reservation's exterior boundaries, and have a tribal business license. For loans of more than $5000, a business plan is required, and the loan to discounted collateral value ratio must be 50% or better. Success Coaches will walk a client through the loan process step-by-step. Lakota Funds has also packaged loans with off reservation banks for larger projects.

Several financing options have been created over the life of Lakota Funds to help aspiring or established entrepreneurs achieve their business goals.

Business Loans

Lakota Funds has a Business Loan in the amount of $25,001-$200,000 that is intended for existing businesses that want to reach a new level of success through expansions and innovations. Business Loan funds can be used to purchase inventory and materials, to purchase or renovate real estate, for working capital, or for debt restructuring. The loan term is up to 15 years for real estate, up to 7 years for equipment, and up to 5 years for working capital. Business Loans carry a fixed interest rate between 8% and 10%.

Business Lines of Credit

Lakota Funds also created a Business Line of Credit for applicants who have been in business for at least two years and need access to additional credit. This line of credit may be used to purchase inventory, finance receivables, or for working capital. This product has been particularly valuable to small businesses that require bonding to bid for a contract. While the Lakota Funds loan fund cannot provide loans above $200,000,

they can issue a line of credit that allows the small business to obtain bonding for a project. For accounts receivable loans, the amount of the line of credit is based on receivables of 30 days or less. Accounts receivables must equal 50% or more of the loan amount on a discounted basis. The term for a Business Line of Credit is one year, with an interest rate between 8% and 15%, which is fixed at closing and is payable monthly. 1% of outstanding principal balance or $150, whichever is greater, is due monthly, and the loan must be paid down to a zero balance at least once during the term. Once again, by stretching beyond the generic CDFI loan fund product, Lakota Funds has opened new avenues for business development and growth on Pine Ridge.

Small Loans

The Small Loan, from $5,001 to$25,000, is perfect for a serious start-up or existing business that has a substantial need for capital. Loan funds can be used to purchase inventory and materials, to purchase or renovation real estate, for working capital, or for debt restructuring. The term of the Small Loan is up to 15 years for real estate, up to 7 years for equipment, and up to 5 years for working capital, with a fixed interest rate between 8% and 10%.

Micro Loans

The Micro Loan of $5000 or less is designed for the start-up or existing business that has minimal capital needs, and was the very first loan product created by Lakota Funds. The Micro Loan may be secured or unsecured. Loan funds can be used to purchase inventory and materials, purchase or renovate real estate, for working capital, or for debt restructuring. The term of the Micro Loan is up to three years, payable monthly, with a fixed interest rate between 11% and 13%.

Credit Builder Loans

Because many reservation residents have poor credit or no credit history, Lakota Funds created a special loan product to help rebuild a client's credit record. The Credit Builder Loan is often the first step for many clients interested in moving towards their own business in the future. These consumer loans are for up to $2,500 and can be used to pay off problems in credit history, such as garnishments, loans that have been written off, or other collection items. Loan proceeds are paid directly to verified past due

creditors. Applicants must have verifiable income for at least six months, complete a personal budget, and complete the Personal Financial Skills and Credit When Credit Is Due course (See Financial Literacy Training section below). Applicants must also complete a Credit Builder Action Plan outlining how their personal finances will improve. Applicants must have a bank account for automatic monthly payment withdrawals made over a term of up to 24 months, with a fixed interest rate of 15%. Collateral value after discount must be equal to 100% of loan amount.

While this is a complicated product that requires Lakota Funds staff to work through a checklist with each client, the effort has helped to remove one of the major barriers to reservation business development. In 2010, Credit Builder Loan clients increased their credit score by an average of 18.5 points. This loan product is a responsive and constructive adjustment to local economic conditions common in low-income areas (Miller 2008: 1308).

History of Loan Products and Recommendations

A significant part of the history of Lakota Funds involves making adjustments to their loan products and loan administration to meet the dual demands of overcoming economic inactivity on the Reservation and maintaining a loan fund sustained by high repayment rates. The loan products have evolved with the experience and growth of Lakota Funds. The Small Loans were an early loan product of Lakota Funds. In its first year of operation, Lakota Funds gave technical help and loans to set up 27 small businesses (New York Times 1987), and these early loans provided a wealth of experience and ideas for local adjustments to the lending process. By 2001, Lakota Funds had a loan portfolio of $3.3 million, providing loans and services to 51 small business and 27 micro-credit loan clients. Several intertwining issues emerged in the context of creating and redefining loan products and loan portfolio management.

The issue of who the loan clients of Lakota Funds should be has been revisited over the course of Lakota Funds' operations. Fundamentally, Lakota Funds is committed to improving the economy of Pine Ridge and its Lakota residents. At the same time, Native Americans are a mobile population with high rates of marriage with members of other tribes and with non-Indians (U.S. Census 2000). Similarly, while the need for

businesses on the Reservation is vast, Lakota entrepreneurs must sometimes consider a border town location due to the constraints of business development on Federal Trust lands, where commercial laws are often underdeveloped, and infrastructure is lacking (Miller 2008: 1309-1318).

As the first reservation-based loan operation, Lakota Funds did most of the heavy lifting in transforming the Reservation from a site of government dependency to a site of growing self-sufficiency and self-determination (New York Times 1987). For example, Lakota Funds had to work to change local expectations that they would receive grants that did not have to be repaid, and the expectation that requests for unrealistic loan amounts should be honored regardless of an entrepreneur's ability to repay. More than 60% of the jobs on the Reservation are government services in education, health, social services and public (Benson et al. 2011: 159). A cycle of dependency can develop from government programs that are not actually stimulating economic growth, but instead are using resources inefficiently (Benson et al. 2011: 164). Because there was little activity on the Reservation outside of government, Lakota Funds had to remind the community that their loan funds were neither unlimited nor governmentally replenished, and that not paying back a loan to Lakota Funds would affect other people in the community who would not be able to get a loan in the future because funds from the lending pool had not been paid back.

In 1987, most reservation residents, and the tribal government itself, had never worked with the concept of collateral. In mainstream lending, collateral is generally considered to be the single most important element in determining whether an applicant should receive a loan or not (Mushinski and Pickering 1996: 152). Lakota Funds had to build local awareness that business loans are not grants, and therefore if for some reason a loan is not repaid, Lakota Funds needs to be repaid by the sale of collateral. When Lakota Funds began operating, the local Oglala Sioux Tribe did not have any legislation allowing a creditor to pursue collateral on an unpaid loan. Many reservation residents were unaware that failing to repay a loan would affect their ability to get other loans in the future as well as their overall credit score. Among the first group of micro-enterprise loan recipients, 89% had no history of receiving bank credit, and 2/3rds of those who had experience with bank credit had bad credit histories (Mushinski and

Pickering 1996: 152-153). The current Credit Builder Loan provided a mechanism for both raising that awareness and lighting a pathway out of credit problems.

Once the concept of collateral became more familiar, the lack of individually owned assets and the Federal Trust status of most reservation lands became the next challenge (Mushinski and Pickering 1996: 149). Lakota Funds was willing to broaden the concept of collateral to include not only a vehicle, business equipment, livestock, or real estate, but other items of value to the loan applicant, such as dance regalia and family heirlooms.

For example, the immediate appeal of the Circle Banking Project of micro-lending, started in 1989, was the possibility of having a group of peers serve as a type of collateral for loan applicants. This micro-lending product was modeled after the Grameen Bank model in Bangladesh, to help small-scale entrepreneurs on the Pine Ridge Indian Reservation with loans of $400 or less (Mushinski and Pickering 1996: 151). Micro-enterprise activity has been particularly strong on Pine Ridge. A 1988 study found a full 83 percent of households were involved with some form of informal income-generating activity, and 30 percent received at least half of their income from informal micro-enterprise activity (Sherman 1988). While most micro-enterprises are financed through personal savings, loans from family and friends, or payments made in advance by customers, these informal sources of finance are also scarce in communities with high rates of poverty and unemployment (Mushinski and Pickering 1996: 150-151). Rather than requiring small-scale, home-based entrepreneurs to produce assets they didn't have, Lakota Funds worked with communities to form circles of 4 to 6 members who would all be responsible for each other's loan repayments (Mushinski and Pickering 1996: 151).

Initially Lakota Funds envisioned that clients in the micro-lending program would graduate into the Small Loan and Business Loan programs. However, after research compared the characteristics of their micro-entrepreneurs with those of their individual secured small-business loans, it became evident that assistance other than credit was necessary for micro-entrepreneurs to make that transition (Mushinski and Pickering 1996: 148). Services like Success Coaching, broader business training opportunities, and

other community capacity and asset building strategies are all designed to further the potential of micro-entrepreneurs to grow their businesses into larger scale enterprises that in turn create jobs for local residents (See Strategies for Success section below).

Ultimately, the staff time required to support credit group formation proved to outstrip the opportunities that Circle Banking provided for micro-enterprise lending. Some of the constraints on group formation had to do with Lakota cultural conventions. Micro-enterprise loan applicants were most comfortable forming groups with other members of their *tiyospaye* or extended family relations. However, the Grameen Bank model of peer group lending prohibited relatives from being in the same lending circle for fear of collusion (Pickering and Mushinski 2001: 462-464). Because of the success in obtaining high repayment rates once credit circles were formed (Mushinski and Pickering 1996: 151), Lakota Funds experimented with micro-enterprise loans that were obtained by individuals with collateral that may not have satisfied formal banking institutions, including Federal Trust land (Terkildsen and Pickering 2001). The results of these experiments are the Micro-Enterprise Loans available today.

Another area of consideration and adjustment was the loan amounts that should be available through Lakota Funds loan products. Initially, the Small Business loan of up to $25,000 was the largest loan available through Lakota Funds (Pickering and Mushinski 1999: 23). Because of the absence of other lending institutions for businesses on Pine Ridge, expanding Lakota businesses often felt caught with a financing gap that hindered their ability to take their business to the optimal level. To respond to this particular local circumstance, Lakota Funds began packaging loans with off reservation banks for larger projects when possible. Ultimately, the larger Business Loan and Business Line of Credit products were created to meet a fuller array of credit access situations for Lakota entrepreneurs.

What is required of loan applicants has also been adjusted to better balance the time constraints of clients with the importance of assuring the loan will be repaid. For example, while a business plan is generally required for any loan product over $5,000, if a loan applicant is an existing business and can demonstrate three years of profitability with financial statements and tax returns, the requirement of a business plan may be

waived. All of Lakota Funds' paperwork requirements are designed to be completed by a business owner, in sharp contrast to the extensive paperwork typical of commercial bank and SBA loans demanding specialized finance and accounting personnel (Mushinski and Pickering 1996: 150).

After 25 years of courage, community engagement, and experimentation, Lakota Funds has constructed the current slate of loan products, providing appropriate access to credit in a manner that respects the challenges of entrepreneurs confronting the realities of the local reservation economy.

Services to the Community – Building Community Capacity and Assets

Individual Financial Literacy and Capacity Building

Since utilizing banks and other financial institutions is largely foreign to Lakota culture, Lakota Funds recognizes that limited financial expertise and inadequate financial education resources are huge impediments to the economic health of reservation residents. Lakota Funds offers a variety of personal growth and asset building programs designed to build the skills of community members on the Reservation. Lakota Funds provides training for individuals to strengthen their personal financial management skills as the foundation of developing a thriving business. From 2010 to date, more than 650 people have completed financial literacy, home-buyers education and business planning courses at Lakota Funds.

Personal Financial Skills is a one-day course using the Building Native Communities curriculum, designed to help Native Americans adapt traditional skills of resource management to the wise management of financial resources. The course covers building a healthy economy, developing a spending plan, working with checking and savings accounts, understanding credit and credit reports, and accessing credit.

Credit When Credit is Due is a one-day course utilizing the nationally-recognized curriculum designed for the adult consumer who has used credit, or plans to use credit, and wants a better understanding of the terms, concepts, and rules of credit use. Upon completion of the course, participants receive a card certifying that their accomplishment has been recorded in a national registry, which lenders can contact for confirmation.

Building Awareness of Entrepreneurship: Youth Entrepreneurship

Lakota Funds believes that investing in our Lakota youth is one of the most important steps we can take in developing a thriving economy on the Pine Ridge Indian Reservation. Lakota Funds' youth programs plant seeds of wise resource management in younger generations of Reservation residents to help build a brighter future for everyone on the Reservation.

Lakota Funds uses the Building Native Communities curriculum in the youth-oriented financial mastery classes and the Indianpreneurship curriculum in the youth entrepreneurship training program. The Gaining Early Awareness and Readiness for Undergraduate Program, better known as GEARUP, was created in 1992 as an academic summer enrichment program for Native American students entering high school. This summer program partners with twenty-one South Dakota schools. The youth financial literacy and entrepreneurship classes have been taught at the G.E.A.R. U.P. summer camp.

In addition, since 2007, the Lakota Nations Invitational (LNI) added a Business Plan Competition to their activities to encourage Native youth to create an entrepreneurial vision for their future. Lakota Funds offers assistance and resources to help interested youth prepare a winning entry by developing their dream product or service into a marketing plan with management and operations policies and financial projections. The LNI Business Plan Competition in held annually in December in Rapid City, South Dakota.

From 2010 to date, nearly 2,000 youth have completed financial literacy courses at Lakota Funds. In addition, Lakota Funds has provided youth financial literacy training to over 170 youth through partnerships with the Oglala Sioux Tribe Summer Youth Program, the GEAR-UP college readiness summer program, and reservation high schools. Lakota Funds Success Coaches teach summer courses in collaboration with the South Dakota GEAR-UP Program. According to South Dakota GEARUP, they have exceeded the projected enrollment with 4,939 students participating in the program during the 2009-10 summer session.

IDAs and Tax Assistance

IDAs

The Lakota Tiwahe Family Asset Building Project is a program where low-income participants open a matched savings account, or Individual Development Account (IDA), to be used specifically for building assets. These accounts provide the capital, incentive and support necessary to move individuals and families towards homeownership, business development, or post-secondary education. The Lakota Tiwahe Family Asset Building Project has a 2:1 match, meaning Lakota Funds deposits $2.00 for every $1.00 a participant deposits. Participants can deposit up to $1800, and Lakota Funds deposits up to $3600, for a grand total of $5400 to be used towards asset-specific purchases.

To qualify for the Lakota Tiwahe Family Asset Building Project, household gross income must fit within income guidelines of $44,700 for a household of 4. Participants must complete the Financial Literacy class prior to opening an account, make minimum monthly deposit of $25, attend monthly IDA support meetings, complete asset-specific training, save for at least 6 months and up to 24 months, and have a savings goal for college, a business, or buying a home. A total of $156,000 has been saved through Lakota Funds's IDA matched savings program.

In addition, Lakota Funds offers a matched savings Individual Development Account program to teach Lakota youth the value and benefits of saving money. Youth IDA

Program participants combine personal financial skills and asset-specific training with group meetings and a savings plan that earns them two dollars for each dollar saved. Youth IDA Program participants can deposit up to $600, and Lakota Funds will deposit up to $1,200, for a grand total of $1,800 to be used for asset-specific purchases. Participants must be 14-17 years old, must be at least a freshman in high school on the Pine Ridge Reservation, and must have parent or guardian consent. To qualify for the Youth IDA Program, gross household income must fit within income guidelines. Participants must complete the Financial Literacy class prior to opening account, make minimum monthly deposit of $25, attend monthly IDA support meetings, complete asset-specific training, save for at least 6 months and up to 24 months, and set a savings goal for college, a business, or buying a home.

Lakota Funds launched a Child Development Account program in the fall of 2011. This matched savings program is geared towards 1st - 8th grade students seeded with an initial deposit. By creating an early sense of asset building and financial control, the Child Development Accounts are the next step in creating new generations of Lakota entrepreneurs with the capacity to expand the private sector of the Reservation economy.

Tax Assistance

Lakota Funds hosts an annual Volunteer Income Tax Assistance (VITA) site that provides free income tax preparation to residents of the Pine Ridge Indian Reservation. During tax season a VITA site is offered during normal business hours during the week at Lakota Funds offices in Kyle, and a mobile VITA site travels throughout the nine reservation districts to offer free tax preparation by IRS-certified volunteers reservation wide.

Lakota Funds' VITA site not only saves individuals and families the cost of commercial tax preparation, but offers alternatives to Refund Anticipation Loans (RALs) and promotes the use of the Earned Income Tax Credit (EITC). Some people are tempted to take out a RAL as a quicker way to obtain their tax refund, but what they may not realize is they can end up paying an incredibly high interest rate over 180 percent as well as high processing fees. Sometimes the actual refund is not even enough to pay off

the RAL once the fees and interest are tacked on. The VITA site offers e-filing, a system in which taxpayers can receive their refund in 7-12 days.

The EITC is one of the most underutilized tax credits available and has the potential to bring hundreds of thousands of dollars to the Pine Ridge community. It lifts more children out of poverty than any other single program or category of programs. Lakota Funds' VITA site volunteers ensure taxpayers maximize their tax refunds by claiming the EITC.

In tax year 2010, Lakota Funds' certified VITA volunteers prepared 245 free tax returns for individuals and families on the Pine Ridge Indian Reservation resulting in over $453,000 in refunds, with an average refund of $1,849. Earned Income Tax Credits comprised $227,344 of that total. In addition, Lakota Funds estimates these families saved over $50,225 in potential tax preparation fees. By increasing income to working families, the VITA program directly affects the family's or individual's ability to become and remain financially stable. These tax refunds may also provide the initial savings deposit to create an IDA, which will in turn be matched 2 to 1 by Lakota Funds. With the participant's maximum deposit of $1800, the tax refund and IDA combination means the individual could have $5400 when they cash out in as little as six months, to be used for one home purchase, business start up or college savings.

Home Ownership and Housing

Housing and home-ownership is a largely unmet desire for many families on the Pine Ridge Indian Reservation. Lakota Funds provides a three-week course named *"Make Your Move… A Guide to Homeownership."* This home-buying guide was developed by the American Center for Credit Education and is HUD certified, accepted by South Dakota Housing and Rural Development and used in 32 states. Over 15,000 people have used it to become certified to receive a homebuyer certificate. The book consists of a pre-test, nine lessons, and nine tests at the end of each lesson. Beginning with Lesson 1,"You Want to Buy a House: Where do you begin?", to Lesson 8, "You Are a Homeowner! What Now?", the lessons are concise and to the point, and most of all,

they are easy to understand. This course is designed to prepare participants with the information they need to navigate through the sometimes stressful process of home buying.

Lakota Funds also developed the first Native American-owned, tax credit-financed housing project in America. From 1997 to 1999, thirty houses were constructed to create the Eagle Nest neighborhood near Wanblee, South Dakota. To qualify for Eagle Nest Housing, a household of 4 must have gross income of $27,800.00 or less.

Workforce Development

Another area of innovation and integration for Lakota Funds has been in the area of workforce development. The employees of small businesses receiving loan and coaching assistance from Lakota Funds have also been able to access services that improve their employability. For example, a combination half loan, half grant program made it possible for the employees of a small electricians business to buy their own tools, increasing both the range of customers the small business could serve and the independent asset base of the individual employees. Similarly, special opportunities for commercial driver's licenses, initial farm implements for youth participating in an agricultural program, and basic training for office workers have been provided to enhance the workforce and the potential employability of individuals on the Pine Ridge Indian Reservation.

One of the more popular community outreach opportunities offered by Lakota Funds in the past year is a program that has been helping individuals obtain a Commercial Driver's License (CDL). Lakota Funds coordinates and pays for the trainings that are provided by Western Dakota Technical Institute. The CDL trainings are intended to help more tribal members obtain the skills necessary to apply for many higher paying jobs that require a CDL. A "Class B" CDL, for example, is required to drive all school busses for all school programs located on the Pine Ridge Reservation and for Oglala Lakota Head Start programs. The trainings are also intended to give many CDL driver's who already have the "Class A" license the opportunity to advance in their career field,

by obtaining a "Class B" license. The goal is to provide all the classes necessary for an interested individual to actually have a CDL at the end of this very short program, and then for participants to secure better jobs or better paying jobs by having their CDL.

Staff Development/Training – Building Institutional Capacity

Unlike cities, there is not a wide pool of local individuals with the skills and experiences that might best contribute to a balanced team of service providers for entrepreneurs and loan clients. Lakota Funds made a commitment early on to hire Lakota people to manage and operate an institution for Lakota people. Oglala Lakota College provided the higher education experience for many of the staff at Lakota Funds. The next step has been for Lakota Funds to provide on-the-job training that allows its employees to acquire the skills and competencies they need to be effective for their clients.

Lakota Funds as an employer supports their staff with the opportunity to learn more and develop and/or improve their skills. The clients benefit directly from staff with certified training in the areas of competency most essential to business technical assistance and loan management. To perform as Success Coaches, Lakota Funds staff has gone through intensive training in client assessment, interviewing and active listening, management assessment, business plan creation, business management, business financing, and networking and team building.

Among the national standards for qualified micro-enterprise development facilitators, Lakota Funds staff have completed: 1) national certification as Economic Development Finance Professionals by the National Development Council; 2) certification as Volunteer Income Tax Assistance (VITA) preparers; 3) certification in the business preparation and financial literacy curricula of *Core Four Business Planning, Building Native Communities, Pathways Home and Indianprenuership*; 4) Native American Credit Counseling Certification through the Association for Financial Counseling Planning Education, and 5) credit coaching.

Challenges and Responses - Designing a Holistic Vision for Economic Self-Sufficiency

Lakota Funds is a community development financial institution (CDFI) leading an economic resurgence of the Oglala Lakota Oyate on the Pine Ridge Indian Reservation through culturally appropriate strategies reigniting the traditional Lakota spirit of productivity, commerce, and trade. Lakota Funds' immediate goal is to improve the quality of life on Pine Ridge Indian Reservation by giving the reservation community more understanding of their finances, and their options for saving and for asset growth. Lakota Funds' uniquely designed products and services focus on overcoming the key roadblocks to economic development in Indian Country: access to capital, access to technical assistance, access to business networks, and infrastructure access.

Links to Banks

Access to credit has been an ongoing constraint to business development on reservations (Mushinksi and Pickering 1996: 148). Since the Oglala Sioux Tribe accepted the Indian Recognition Act in 1935, the Pine Ridge Indian Reservation has not had a depository financial institution of its own. Not only is there a cost of inconvenience in traveling long distances for bank services, but it makes the problem of lack of finance capital even worse. Without immediate and on-going information about potential borrowers and their businesses, banks are more likely to feel the risks of lending are too great, particularly in areas with high rates of poverty (Mushinski and Pickering 1996: 148-149). Evidence suggests that limited access to formal bank credit turns at least in part on the lack of social relationships between bank officers and the reservation population (Pickering and Mushinski 2004: 190-191). Decades without readily accessible basic financial services has had a devastating effect on Lakota families and the economy of the Reservation.

Lakota Funds broke new ground in establishing relationships with border town banks to create financial loan packages for Lakota businesses ready to enter the mainstream

conception of small business operation. For example, the Lakota Prairie Ranch Resort Motel, the only motel on the Reservation, was opened with a loan package from Lakota Funds and the First National Bank in Gordon, Nebraska.

Lakota Funds, staying true to its mission of "promoting the socio-economic sustainability of Oglala Lakota Oyate (people)," started in 2009 to pursue the dream of establishing a Lakota Federal Credit Union to serve the people of the Pine Ridge Indian Reservation. Lakota Funds is currently leading an effort to establish a reservation-wide credit union that will provide members with enhanced and more accessible financial services. This will be the first depository financial institution on the Pine Ridge Indian Reservation. The proposed credit union will provide basic banking services to help reservation residents achieve their financial goals, and in turn help the reservation economy thrive.

The proposed Lakota Federal Credit Union Steering Committee is currently in the fundraising phase of this project. Estimated start-up costs are just under $65,000, and the capital campaign is nearly half way there. Lakota Funds Executive Director Tawney Brunsch serves as Chairperson of the proposed Lakota Federal Credit Union Steering Committee. The proposed Lakota Federal Credit Union submitted the application for a charter to the National Credit Union Administration originally in April 2010, with updated proformas again in September 2011. NCUA approved the proposed Lakota Federal Credit Union for "low-income designation" because the median family income, according the 2000 Census data, is $20,477 or roughly half of the national median family income of $40,490. This designation allows the credit union to accept deposits from non-members. That means that the Lakota Federal Credit Union will be able to accept a deposit, which would offer the same NCUA insurance as a member deposit (of up to $250,000), to someone who lives in Maine, or Wisconsin, or Hawaii. Anyone from anywhere can make an insured deposit into the Lakota Federal Credit Union, resulting in potentially more deposits to loan out to members.

Upon receipt of the NCUA charter approval, Lakota Funds, as sponsor, will have the honor of opening the first NCUA federally insured financial institution located on the vast 3500 square mile Pine Ridge Reservation. In August 2010, Lakota Funds hired the

NCUA approved branch manager and steering committee member, Whitney O'Rourke, who is now working full time on pursuing the charter, expanding her training, and making sure the credit union is completely ready to move as soon as NCUA approval is received. Whitney has received hands on teller training and training in lending and collections from Highmark FCU and Sentinel FCU where she has spent several weeks in the teller line completing teller transactions and with a lender processing loan applications and participating in the lender/client interview, loan application and approval process.

The credit union will improve the quality of life on the Pine Ridge Reservation by giving tribal members a better understanding of their finances, options for saving, and asset growth. The credit union will provide services to include: regular share (savings) accounts, share certificates (CD's), money orders, cashier's checks, direct deposit, wire transfers and check cashing, ATM access, online banking and audio response. All of these services to be offered to members immediately upon the proposed Lakota Federal Credit Union (LFCU) receiving the NCUA charter and opening their doors. After 6 months, the proposed LFCU will offer qualified members secured loans (auto and other), unsecured (personal) loans and lines of credit (secured and unsecured). Having assisted over 660 aspiring Indian entrepreneurs in their twenty-five years of existence, Lakota Funds has witnessed first-hand the dire need for financial services for the reservation, and strongly believes the credit union will benefit the people and the reservation.

Reservation Infrastructure

The physical infrastructure for reservation business development continues to be sorely lacking, and imposes an unrealistic cost onto start-up Lakota enterprises. To begin addressing the infrastructure issue, Lakota Funds developed the Lakota Trade Center in 1997, a 12,000-square-foot small business incubator and Tribal Business Information Center. With a $1 million grant from the Economic Development Administration, and another $80,000 in construction and planning from Norwest Bank, Lakota Funds built

the Lakota Trade Center to incubate businesses on the Pine Ridge reservation. The small business incubation program was designed to spur "entrepreneurial activities that raise real income, even for a small isolated geo-economic area" (Benson et al. 2011: 163). The concept was that once a Lakota business is on its feet, Lakota Funds' share of the incubator would be bought out (National Mortgage News 1995). The new Lakota Federal Credit Union will be house in this space, for example.

Lakota Funds has created other opportunities for reservation infrastructure development. For example, Lakota Funds arranged and paid for development of infrastructure and engineering designs necessary to build the first full service grocery store in Kyle. Lakota Funds also supported the development of an independent newspaper on the reservation, as well as the rebuilding of broadcasting capability for KILI radio. Lakota Funds also helped launch a line of nationally recognized Native American Natural Foods (NANF) Buffalo based snack foods under the Tanka Bar label, and collaboratively funded the first successful motel, restaurant and resort on the reservation, the Lakota Prairie Ranch Resort Motel in Kyle, South Dakota.

Business Networks

A critical mass of businesses is necessary for a reservation economy to keep dollars within its borders and for new businesses and innovations to develop synergistically, in essence a robust complement of goods and services to create an economy. "Reservations need the presence of all sorts of private businesses to encourage reservation residents and visitors to spend their money in local businesses to support reservation and Indian businesses" (Miller 2008: 1333; 1338). One of the greatest accomplishments over the lifetime of Lakota Funds has been the expansion of Indian-owned business development. In 1986, there were only two Native American-owned businesses on the Pine Ridge Indian Reservation out of a sparse total of 40 local businesses. Now there are well over 100 Lakota entrepreneurs operating on the Reservation.

While these accomplishments are great, Lakota Funds has only begun the journey of transforming the economic landscape on the Pine Ridge Indian Reservation. The more local businesses there are, the greater benefit to the entire reservation economy, as money generated by one business is able to circulate through other businesses, producing the multiplier effect, before the money leaves the reservation (Benson et al. 2011: 160; Miller 2008: 1338). The private sector remains severely limited on the Pine Ridge Indian Reservation. On the Pine Ridge Indian Reservation there are 13 businesses per 1,000 people, while the state of South Dakota averages 83 businesses per 1,000 residents. Consequently, more than 80 percent of the money that comes into the reservation is spent in off-reservation communities.

To support the development of a network of reservation-based, Lakota-owned businesses, Lakota Funds co-founded the first Native American Chamber of Commerce on an Indian reservation in the United States in 2004, the Pine Ridge Area Chamber of Commerce (PRACC). Incremental improvements to the health of the Reservation's economy have been occurring through the efforts of Lakota Funds, the Pine Ridge Chamber of Commerce, and other interested public and private groups, foundations and investors. For example, taxable sales in Shannon County more than doubled from 1996 to 2006, according to the South Dakota Business Review, and since 1985 real per-capita personal income growth outpaced the South Dakota economy with a growth rate of 80 percent compared to 44 percent for the State of South Dakota.

Lakota Funds was also instrumental in supporting the creation of the South Dakota Indian Business Alliance (SDBIA) in 2008. The SDIBA model for business development in Indian County looks at the reinforcing components of governance, infrastructure, finance, and resources, and coordinates businesses and support organizations to orchestrate these components to further private sector development on reservations in South Dakota and across the state generally (Fiddler 2011). Through an annual conference and several select working groups, SDIBA is expanding the impact on Indian businesses of Native CDFIs like Lakota Funds from reservations to the entire state. The effort is not over, however. Nationally, an additional 147,000 Native

businesses would need to start up to be comparable to the average number of business in the US population generally (Fiddler 2011).

Pressure to Expand Mission

Rural communities like Pine Ridge are isolated from other enterprise service providers. In contrast to urban microenterprise and small business loan funds, there are few if any external organizations providing services to enterprise clients, and therefore Lakota Funds has not had the luxury of joining the common practice of specializing services for entrepreneurs and referring clients elsewhere for other services. Instead, staff development and training, coupled with strong collaboration, has been used to efficiently and rapidly develop internal capacity for the full range of entrepreneurial services. While Lakota Funds has worked hard to integrate the different products it offers, there is a constant tension to provide additional unavailable services that ultimately stray from the core mission of Lakota Funds. The only real solution to this challenge is constant outreach for genuine collaborative relationships.

Strategies for Success

Collaborations

The effectiveness of Lakota Funds can be understood in part by its effective leveraging of partnerships and of resources from diverse institutions and organizations. One of the greatest remedies for the challenge of feeling obligated to "do it all" (see Pressure to Expand Mission section above) is to form strategic relationships with other entities that have intersecting missions, including Native entrepreneurs themselves, Native and non-Native CDFIs, foundations and agencies with resources, and other supporting

organizations (Fiddler 2011). Collaborations are key, and Lakota Funds has always had success in joining forces to leverage its impact.

More and more, especially with the federal funding crunch, Lakota Funds is joining with similar and complimentary organizations to show a widening range of services and coverage area. The recently formed Great Plains Asset Building Collaborative, of which Lakota Funds is the lead, covers all of western South Dakota and part of North Dakota and includes: Four Bands, Standing Rock Sioux Tribe and Sitting Bull College, Hunkpati Investments, Sinte Gleska, Mazaska, Lakota Beginning Farmer Rancher, and PRACC. A similar collaboration made the SDIBA annual conference possible with these partners along with Northwest Area Foundation, Citi Foundation, FDIC, Federal Reserve Bank of Minneapolis, and USDA Rural Development (Fiddler 2011). Lakota Funds staff also serve on the Board of Directors for Tusweca Tiospaye Inc., a non-profit organization that promotes Lakota language and cultural revitalization on the Pine Ridge Indian Reservation, and for Mazaska Owecaso Otipi Financial, Inc., a nonprofit housing loan fund providing housing and land loans on the Pine Ridge Reservation in southwestern South Dakota.

Impacting Poverty

Poverty continues to be a problem for a substantial portion of Reservation residents. Nevertheless, through its concerted, long-term, locally responsive efforts to increase credit access and entrepreneurship, Lakota Funds has had an impact on the Reservation's economy. One by one, the identified barriers to poverty alleviation have been successfully addressed by the loan products and services of Lakota Funds. These accomplishments are remarkable, and serve as an important example of how sustained, incremental economic change is more successful and durable than ongoing searches for a "quick fix," like industrial park development and large loans to entice off-reservation businesses to relocate (Mushinski and Pickering 1996: 150). Microenterprises in low-income areas lift households out of poverty and reduce dependency on government programs (Benson et al. 2011: 158).

From 1986 to 2010, Lakota Funds created over 1,100 permanent jobs. In addition, according to a study published by Small Business Economics, Lakota Funds succeeded in raising real per capita income of Shannon county residents consistently and significantly throughout the 1987–2006 study period (Benson et al. 2001). "Lakota Funds succeeded in raising real per capita income of Shannon county residents consistently and significantly throughout the 1987–2006 study period…[thus showing how] a well-designed and highly successful micro-enterprise financing structure can confer large and significant private and social benefits … in that the sustained growth in real incomes … builds net wealth and enhances further personal, household, and community successes in socio-economic, health …, educational …, and other dimensions of progressive quality living" (Benson et al. 2011: 167). Lakota Funds has touched the lives of thousands of Lakota people on the Pine Ridge Indian Reservation.

Data from 2009 further confirms that growth on the Pine Ridge Indian Reservation has outstripped that of the State of South Dakota. On Pine Ridge, employment increased 31.76% and median household income increased 49.7% between 2005 and 2009, whereas for the State of South Dakota as a whole, employment increased 6.83% and median household income 27.06% (Fiddler 2011). More broadly, the highest employment growth rates among reservations in South Dakota are those reservations where Native CDFIs have been located the longest.

The Pine Ridge Indian Reservation now has more local goods and services available for community residents than ever before.

Nevertheless, this growth is from an initial starting point of gross disparity. Even with the phenomenal growth in household median income on Pine Ridge, for example, the average household median income on Pine Ridge is only $30,791, still considerably lower than the $44,828 average for the State of South Dakota (Fiddler 2011). The concluding message for micro-enterprise development organizations is that "privately funded small business initiatives can be used effectively to support economic development of isolated impoverished groups within the U.S. economy" (Benson et al. 2011: 157).

Cultural and Social Continuity

Ultimately, Lakota Funds considers its success to be building up the world of creative entrepreneurship for Lakota people following their dreams, goals, and opportunities while maintaining strong connections to their land and rich cultural heritage of productivity and trading. As noted throughout the discussion above, Lakota Funds offers many of the same services as the SBA or other business development entities, but they specifically tailor their approach to fit the culture of the Pine Ridge Indian Reservation (Benson et al. 2011: 158). The importance of nonmarket institutions like Lakota Funds using social and cultural information to overcome credit exclusion by formal market lenders cannot be overstated (Pickering and Mushinski 2004: 185). Over the years Lakota Funds has helped thousands of aspiring Lakota entrepreneurs turn their ideas into reality and contribute to the transformation of the Reservation's economic landscape. Aspiring entrepreneurs become highly motivated when they find meaningful work that respects their culture and provides hope for the future. Lakota Funds' business development products and services provide a means to this end. Implementation of culturally appropriate micro-enterprise development programs provide great promise to other communities struggling with severe poverty (Benson et al. 2011: 167). Historically, Native Americans were excellent business people and experienced in trade (Miller 2008: 1321). "Optimism also comes from an awareness of the abilities and toughness of Indian people and the growing tribal governmental emphasis on developing economies and helping individual Indians to start businesses. American Indians and nations have survived several hundred years of active political, social, and economic oppression, and even genocide; but they are still here and are growing in population and strength everyday" (Miller 2008: 1319).

Conclusions

Philosophically, Lakota Funds is more than just a loan fund. Some entities see micro-enterprise financing as a new market for extracting interest profits formerly missed by standard banking relationships. This is not Lakota Funds' view. While sustaining the loan funds through strong repayment rates is a goal, the vision of Lakota Funds can only be accomplished with additional investments in business training, success coaching, financial literacy, workforce development, business networking and broad collaboration. Capacity building for individual entrepreneurs, the community at large, and the CDFI itself must be integral to every product and service undertaken. By using these principles in a flexible and culturally appropriate approach over the long term, Lakota Funds has made great strides to improving the economic and community lives of the people of the Pine Ridge Indian Reservation.

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