PROVIDING ACCESS TO CAPITAL: THE MONTANA INDIAN EQUITY FUND

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THE ISSUES:

- **NATIVE AMERICAN BUSINESS GROWTH IN MONTANA IS LOSING GROUND**

- **EVEN WITH A WIDE SELECTION OF COMMUNITY LENDERS THERE IS LITTLE LENDING TO NATIVE AMERICANS**

BUSINESS ENVIRONMENT

- **MONTANA IS NUMBER ONE IN ENTREPRENEURSHIP**

- **WITH 114,495 SMALL BUSINESSES 2$^{\text{ND}}$ PER CAPITA IN U.S.**

INDIAN COUNTRY ENVIRONMENT

- **6.4% OF THE POPULATION 63,296**

- **BUSINESS OWNERSHIP:**
  - 114,495: 11.9% Business Establishments
  - 2,3,44:   2.0% Owned by Native Americans

- **FRACTION OF THE SIZE**
  - SALES NATIVE AMERICAN: $182,712
  - SALES ALL MONTANA: $613,993

2010 Revolving Loans

$31,537,035

Funding Available

102 Loans

$6,465,996

18.3%

11 NA Loans

$416,090

1.3%

THE PROJECT AS A SOLUTION

- IN POVERTY : EQUITY—NOT AVAILABLE FROM FAMILY, FRIENDS AND HOME OWNERSHIP

- THE INDIAN ENTREPRENEUR'S "WILL" DRIVES THE DEAL
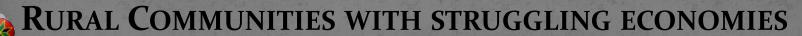
- "CHARACTER" DRIVES THE REVIEWERS

THE SUCCESS OF THE INDIAN EQUITY FUND

- $497,000 IN GRANTS TO 75 BUSINESS OWNERS

- COMMUNITY NETWORKS: LENDERS AND LEADERS

- THE SCORE: 15 BUSINESS OWNERS MATCHED $105,000 WITH $1,105,000 IN LOANS

Informal Survey of Bankers Lending In Montana Indian Country

- Not a lot of demand
- Unprepared borrowers
- Low or no credit scores
- Equity lacking
- Collateral challenging
- Rural Communities with struggling economies

CHALLENGES

- **LACK OF FUNDING: 17 /45**

- **SOUND LENDING DOES NOT INCLUDE RISK**

THE ENTREPRENEUR AS THE ECONOMIC DRIVER

MONTANA
Department of Commerce

BARRIERS

- SUCCESS OF THE COMMERCIAL LOAN
- FOCUS ON THE INTERMEDIARIES NOT THE ENTREPRENEUR.
- NATIVE AMERICAN "CULTURE"—PATERNALISM
- ENTREPRENEURS LEARN EXPERIENCE BASED ACTIVITIES

REPLICATION OF SUCCESS: CIRCLE

- **2007: THE NEED FOR EQUITY FROM COMMUNITY BUSINESS OWNERS AND LEADERS**

- **2012: TRIBAL LEADERSHIP CREATE EQUITY FUNDS**

POLICY IMPLICATIONS: HOW CAN YOU HELP?

- **UNDERSTAND ENTREPRENEURS AND SOUND LENDING**

- **THE PELL GRANT MODEL**

- **INTERAGENCY REVIEW**
  - **MONTANA PROJECT**
  - **RE-ALLOCATE EXISTING LOAN FUNDS**
  - **DEVELOP EQUITY FUNDS**