



Oweesta Case Study: Bank Investments in Native Communities

Social Enterprise Alliance Conference:
Banking on Getting Social Enterprises Connected
16 April 2008

Developing Native Assets :: Building Native Communities

Your Presenter

- Stewart Sarkozy-Banoczy
- VP & COO
- 6+ Years with Oweesta
- Founding executive director of Four Bands Community Fund, Cheyenne River Lakota Reservation, SD – Native CDFI
- Tribal college administrator, instructor
- Full bio: www.oweesta.org/main/about/staff

Who is Oweesta?

- National, Native, Intermediary
- Community Development Financial Institution (CDFI)
- Training, Capacity Building, Consulting (200+ tribes, Native communities served)
- Lending & Capitalization (\$2,610,000 deployed)
- Research, Policy & Advocacy
- Our Native Circle: www.ournativecircle.org
- Native Financial Education Coalition: www.nfec.info

Our Mission

“Our mission is to provide opportunities for Native people to develop 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.”

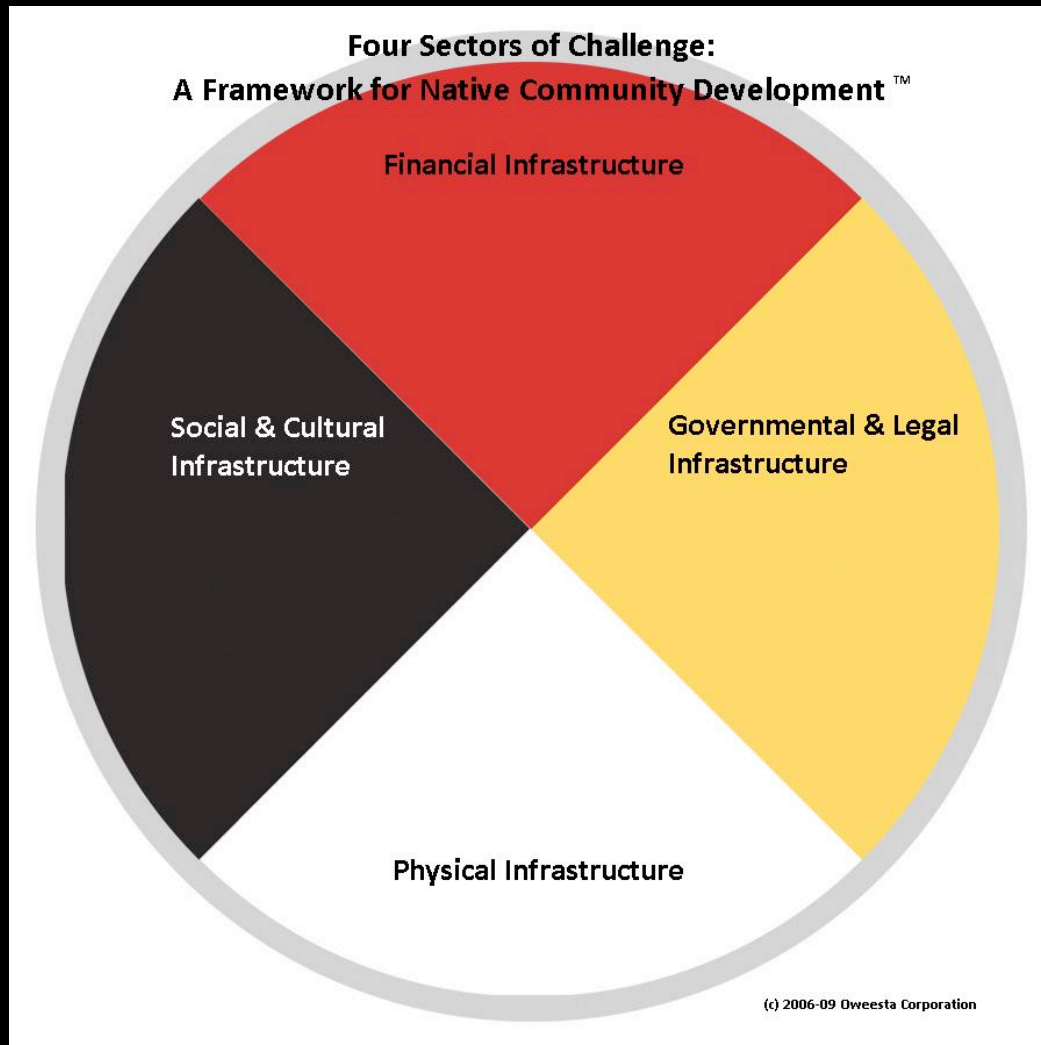


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Our Development Environment



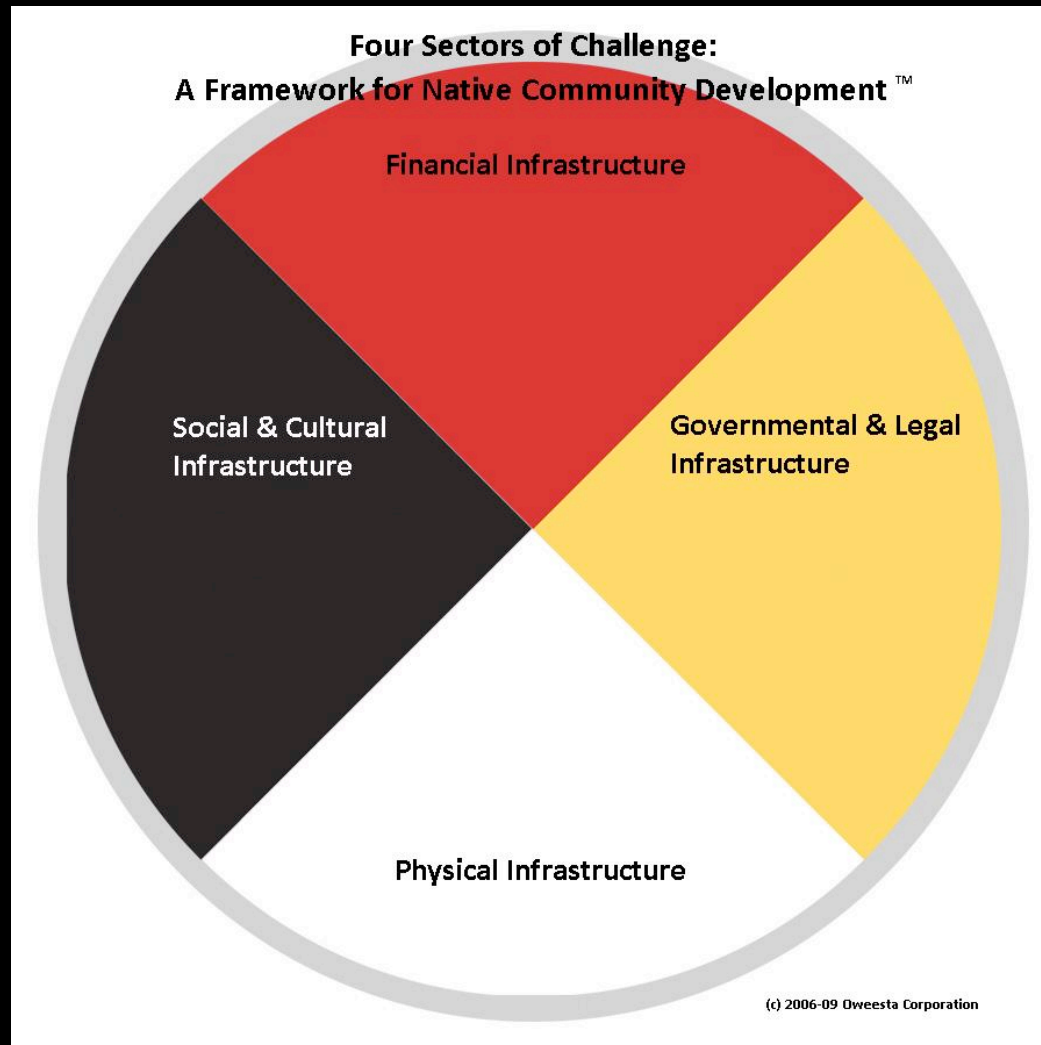
Our Sectors of Challenge



Financial:

- Limited access to credit and financial services
- Few CDFIs, business incubators, financial education providers and other nonprofits
- Dominance of nearby urban, suburban or border town economies
- Prominence of predatory lenders

Our Sectors of Challenge

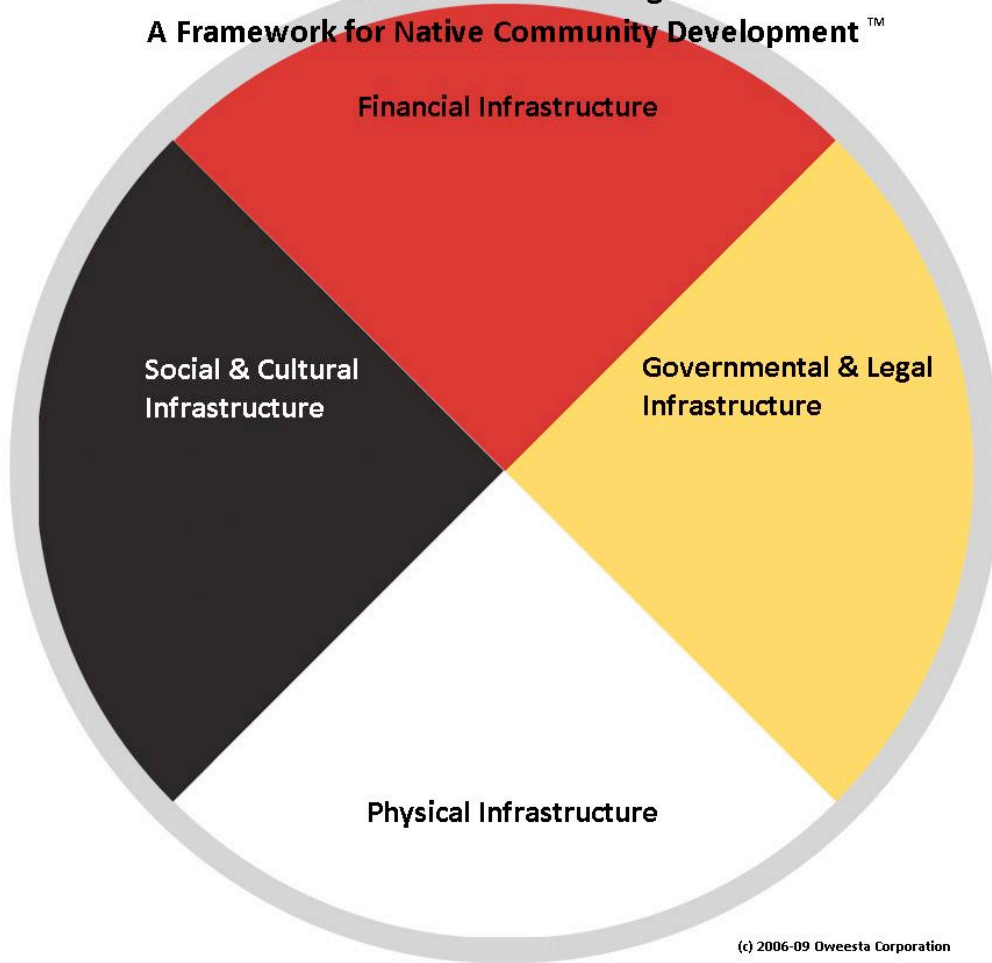


Governmental & Legal:

- Tribal governments have not empowered private enterprise
- Insufficient legal systems
 - Commercial codes, court systems, commerce departments
- Unsupportive Bureau of Indian Affairs (BIA) offices
- Trust status of land

Our Sectors of Challenge

Four Sectors of Challenge:
A Framework for Native Community Development™



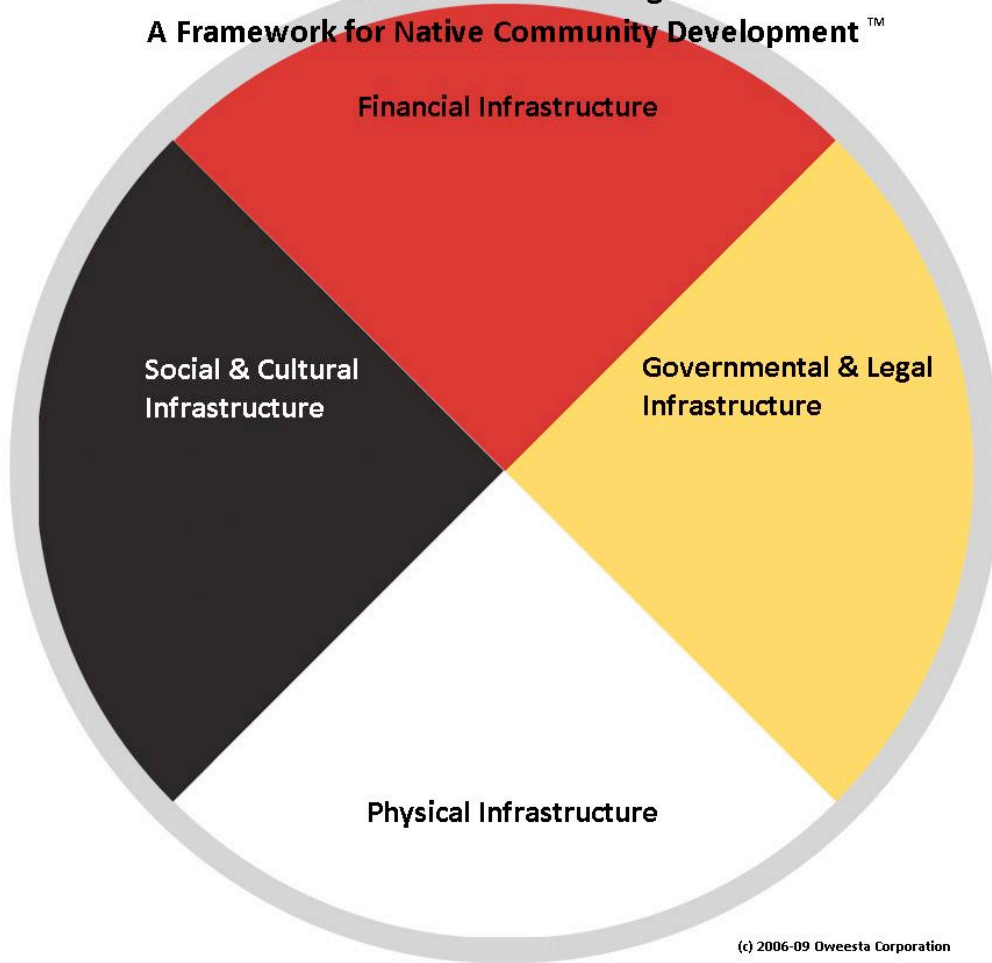
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Physical:

- Lack of housing stock and commercial space for private enterprise
- Poor telecommunications, sewer, water, electric and transportation systems to support private enterprise
- Difficult to obtain permits for construction, leasing and land acquisition
- Remote, low-population density communities
- Difficult to use land as collateral

Our Sectors of Challenge

Four Sectors of Challenge:
A Framework for Native Community Development™

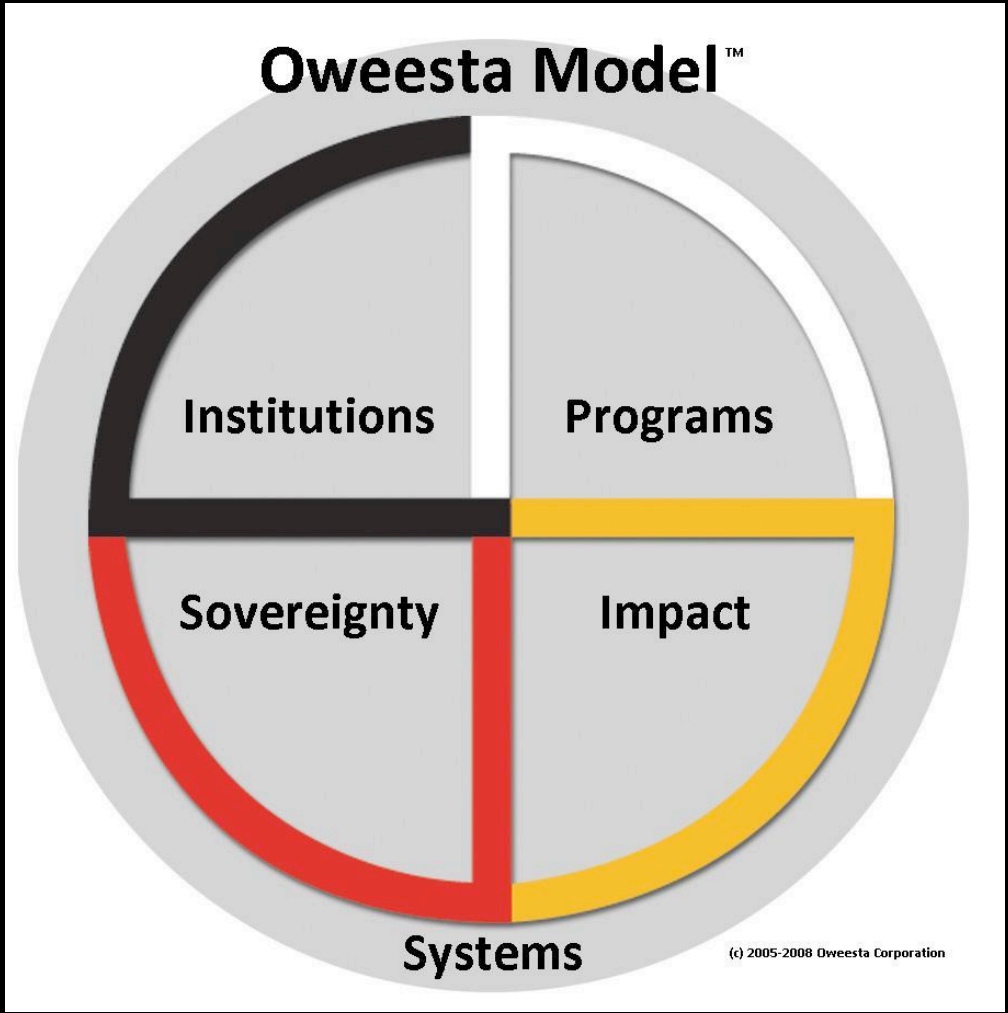


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Social & Cultural:

- Lack of financial management skills
- Cultural beliefs that prioritize community over individuals
- Inexperienced workforce
- No culture of formal entrepreneurship
 - Few role models or chambers of commerce
- Active informal, underground economy

Our Model



Our Model

Institutions:

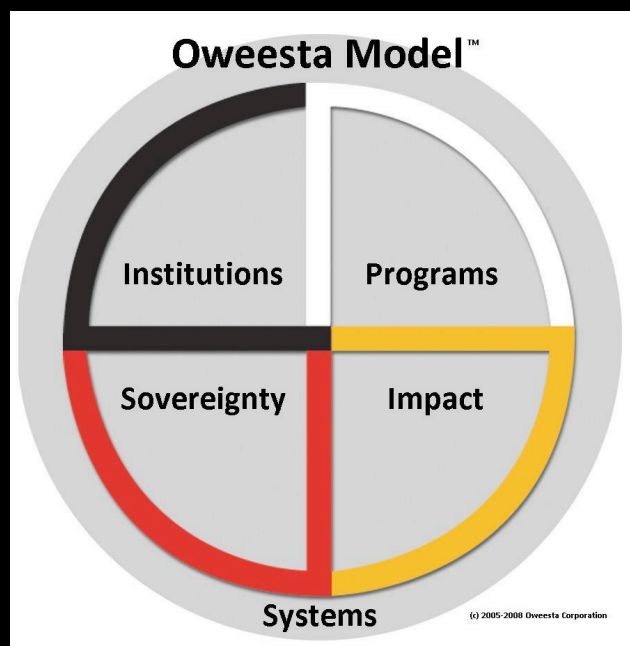
Strong, stable Native CDFIs, Nonprofits, TCUs, Schools Agencies, Departments, etc...

Strengthened by appropriate, integrated programs

Sovereignty:

Individual & Nation Economic Sovereignty, Asset Creation, Retention & Control...

Supporting strong, local institutions...



Systems:

Community-based infrastructure and systems...

Supporting the Institutions, Programs, Impact and Sovereignty of the community

Programs:

Training and Technical Assistance (Business, Homeownership, Financial Education, Credit), Lending (Business, Housing, Micro, Auto), IDAs, EITC, Tax Preparation, etc...

Leading to real community impact

Impact:

Small Businesses, Homeowners, Financial Skills, Savings; Physical, Financial, Social Infrastructure, etc...

Creating true Native sovereignty...

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Our (Your?) Funding Sources

- Grants
- Investments
- Contracts

» Let's talk about the bank funding...

Bank Funding

- **Type of Money They Generally Provide:**
 - Investment Capital (debt)
 - Operating Funds (grants)
- **Their Motivation for Supporting Social Enterprises/CDFIs/others:**
 - Community Reinvestment Act (CRA)
 - CDFIs help build local markets for banks by reaching new potential customers (for the bank) and making them bankable
 - Accounts management for IDA programs, other special programs

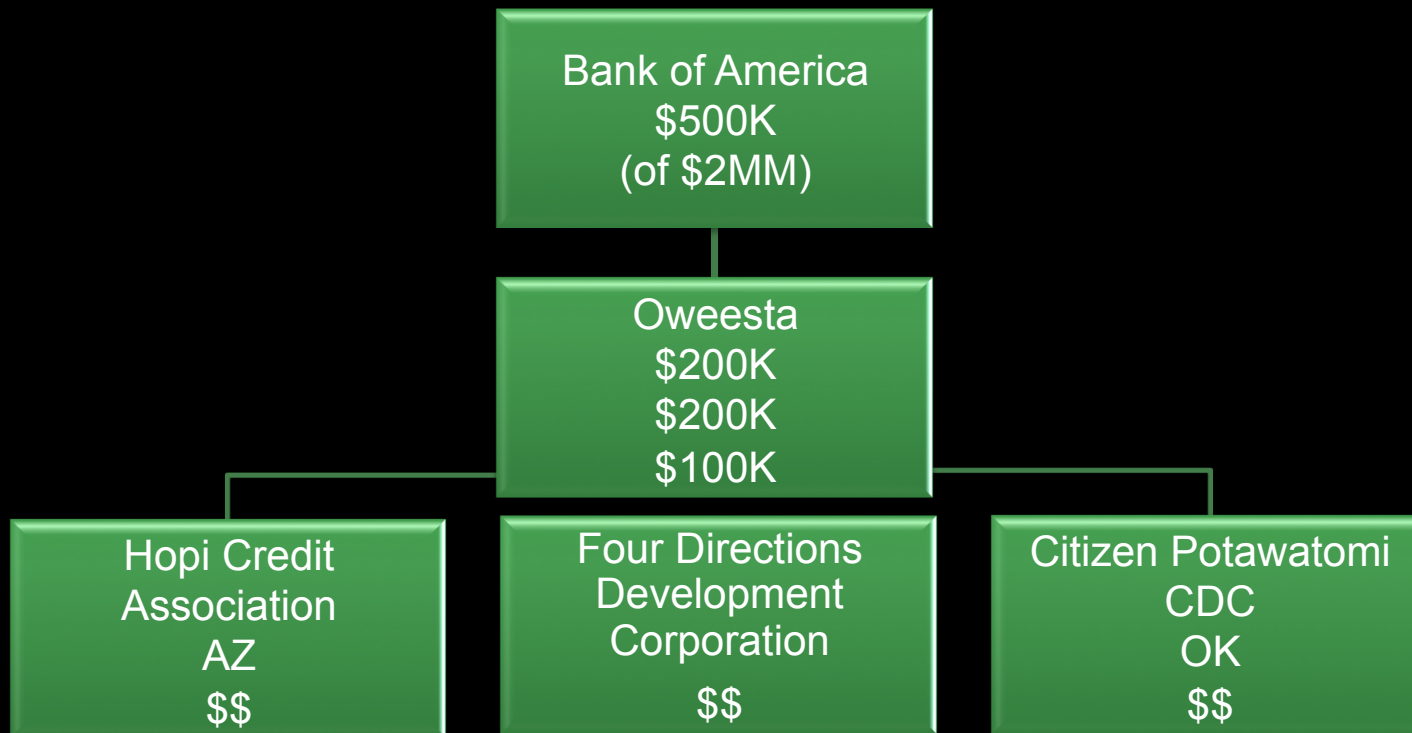
Bank Funding

- Investments often in the form of Program Related Investment (PRI):

- EXAMPLE: “Bank of America invests in community development financial institutions (CDFI's) that provide alternative financing to those who might not qualify for more traditional financing. We use these program related investment (PRIs), to provide capital to CDFIs to make markets stronger, encourage entrepreneurial businesses and seed opportunities for individuals and families to attain economic self-sufficiency.” (from:

http://www.bankofamerica.com/community/index.cfm?template=cdb_progrelinvest)

How Does the Money Flow? (Investment from Bank of America)



- Microloans, small business, mortgage, home rehab, consumer, auto, credit builder, emergency, tribal employee, etc.
- Loans ranging from \$100.00 to more that \$200,000.00

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What is the Scope of the US CDFI Industry?

- There are approximately 800-1000 CDFIs in the US – 784 certified as of January 1, 2008
- A growing number of these are Native based CDFIs – 48 now certified with another 40+ uncertified/at various stages of growth!
- They can be described as social enterprises and they certainly FUND social enterprises



United Houma Nation:
<http://www.unitedhoumanation.org/>
Has a CDFI under development now

CDFIs by Characteristics

Regulated &
Insured

Non- Regulated,
Non-Insured

For- Profit	Native Community Development Banks - 6	(some) Community Development Revolving Loan Funds Community Development Venture Capital Funds
Not-for- Profit	Native Community Development Credit Unions - 6	Comm. Dev. Revolving Loan Funds Micro Loan Funds - 36 Comm. Dev. Venture Capital Funds (some)

A Final Thought:

“Certainly you can teach a person to fish and that’s better than just handing out fish. But what about giving them a pole, some bait and access to that bountiful pond? THAT can mean feeding generations.”

- OWEESTA Corp 2005 (via Lao Tzu)

Questions?



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