Supporting the Indigenous Finance System on the Mountain Plains

Four Bands Community Fund
https://fourbands.org

About This Investment

Building a strong and expansive community development finance system in Native American and Indigenous communities, which have experienced centuries of exclusion and extraction, can help advance economic sustainability and help residents thrive. Yet a historical lack of investment by private- and public-sector investors and government’s unmet treaty obligations have resulted in vast health and economic disparities and poverty rates two to three times higher than the national average.

Native community development financial institutions (CDFIs) are well suited to serve Native American communities’ distinct needs but remain undercapitalized as banks and corporations underestimate the scale of opportunity within Indigenous markets and uphold the misperception of Native CDFI lending as risky—due to the differences of lending on tribal lands—limiting their ability to grow and scale. This remains true even after research has shown the success of Native CDFIs in providing residents and businesses with greater access to capital and credit through direct lending and services such as financial education, homebuyer education, credit coaching, and business development assistance—and a strong track record of repayment.

The Robert Wood Johnson Foundation (RWJF) made a $5 million program-related investment loan to Four Bands Community Fund Inc. ("Four Bands"), with a portion for Four Bands’ lending program and another portion reserved for on-lending to members of the Mountain Plains Regional Native CDFI Coalition ("the Coalition"), a group of nine Native CDFIs and the Mountain Plains Community Development Corporation. Four Bands is the sponsor organization of the Coalition. This RWJF loan will leverage collective knowledge, skills, assets, and partnerships to build equitable lending platforms that support thriving Native economies in the tribal nations of the Great Plains region, spanning North Dakota, South Dakota, Montana, and Wyoming.

Why It Was Needed

Limited access to capital and credit in Native American communities—a consequence of the historical and ongoing marginalization of Indigenous communities—has led to low economic growth, persistent poverty, and a lack of employment opportunities in Indian Country. To close the Native American wealth gap and improve health equity, given the connection between financial security and health and wellbeing, we must address the impact of structural racism on health and the economy—including by making changes to the financial system, which was designed and developed in a way that excludes Native American people.

Native CDFIs have been instrumental in providing Native American communities with loans, financial education, and credit coaching that have facilitated change in community conditions, allowing tribal residents to buy a home, start a business, or improve their financial capacity.

Leading a movement to fill capital gaps resulting from neglect by conventional institutions, Native CDFIs serve as powerful vehicles for economic growth. With innovative strategies that drive equitable economic models,
Native CDFIs are responsible for dramatic increases in business development, job creation, income generation, and asset building in Native communities.

**How It Works**

The RWJF loan will support the Mountain Plains Regional Native CDFI Coalition’s efforts to shift the paradigm of community development finance by creating equitable systems of capital and resource allocation and building resilient Native economies.

This capital will allow the Coalition to continue its work in financing businesses and community development projects, expanding job opportunities, offering personalized support to their clients, advocating for policies that are more conducive for Native business, and educating Indigenous entrepreneurs on the financial aspects of their work. This loan seeks to demonstrate the efficacy of this approach, thereby attracting foundations, corporations, and financial institutions to invest in a larger vehicle that will alter the investment landscape in Indigenous communities.

The Coalition combines the traditional indigenous values of unified action, collective strength, and generational wisdom with strategic financial counsel to create a robust private sector designed to establish economic sustainability and resilience in Indigenous communities. Along with the $45 million awarded to the Coalition by the U.S. Economic Development Administration as part of their Build Back Better Regional Challenge, this loan will support the Coalition’s endeavors to increase regional capacity building, ensure lasting sovereignty, and improve health and wellbeing.

**About the Borrower**

Spanning North Dakota, South Dakota, Montana, and Wyoming, the Mountain Plains Regional Native CDFI Coalition is comprised of a group of Native community development financial institutions (CDFIs) that create economic opportunities for tribal members and Indigenous people. Organizations participating in the Coalition include: Four Bands Community Fund, Akiptan, Plenty Doors Community Development Corporation, Peoples Partners for Community Development, Wind River Development Fund, Native American Community Development Corporation Financial Services, Native American Development Corporation, Montana Native Growth Fund, Black Hills Community Loan Fund, and Mountain Plains Community Development Corporation.

Four Bands Community Fund, Inc. (Four Bands) is one of the largest Native CDFIs and the fiscal sponsor of the Coalition. Established in 2000, Four Bands has emerged as a leader in the Native American community and economic development movement. They are a leading small business and housing lender on the Cheyenne River Sioux Reservation and in the state of South Dakota.

**Learn More About Our Impact Investments**

[www.rwjf.org/impactinvesting](http://www.rwjf.org/impactinvesting)