



Finding Right Relationship

Philanthropy and Native American Small Business

Sustained investment in Native American small business development is imperative to a philanthropic agenda focused on economic justice.

Philanthropy centers justice and expedites the growth of Native American wealth building by channeling grant dollars and impact investments toward the ecosystems of Native CDFIs, community centered funds, Native-led philanthropic intermediaries, and Native-led nonprofits and for-profits serving Native American small businesses and entrepreneurs. Doing this work requires funders to be in right relationship with Native American leaders and communities by building relationships based on truth, mutual respect, justice and shared humanity among Native and non-Native people.

Due to forced removal, relocation, and lack of access to economic opportunity, Indigenous people have had to navigate between tribal, rural, suburban and urban spaces, and often, create businesses that serve people both on and off tribal lands. The economic journey for many entrepreneurs is often both a necessity to make ends meet and an innovation to solve a community problem. As such, substantial and sustained philanthropic support for the Native American small business development ecosystem is urgent and essential.

Data shows inequitable investment from both the private and public sectors in Native American small business development. In 2020 there were approximately 7.9 million total U.S. small business, of this total 3.8 percent or 300,000 of them were Native American-owned and generated around \$50 billion in revenue,¹ yet:

- less than 1 percent of the U.S. Small Business Administration guaranteed loans that year were awarded to Native American-owned businesses;²
- of the \$525 billion in Paycheck Protection Program Loans, just 1 percent of both total loans and total dollars were allocated to small businesses in tribal areas;³
- of the 70 registered Native Community Development Financial Institutions (NCFIs) throughout 27 states, only 5 percent of them became Paycheck Protection Program lenders because of the high minimum threshold.⁴

Similar inequities are mirrored in philanthropic investment in Native-led work. Native communities are disparately funded through grants. American Indian/Alaska Native (AI/AN) people comprise 2.9 percent of the U.S. population⁵, yet:

Right Relationship

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- only 0.4 percent of all philanthropic funding by large U.S. foundations is directed to Native communities.⁶
- over the past 15 years, 20 percent of large U.S. funders awarded grants explicitly designated to benefit Native American communities and causes;⁷
- among these funders, nearly half give only one Native-focused grant each year;⁸
- the median number of grants distributed by funders explicitly benefiting Native Americans every year is either one or two.⁹

Furthermore, only a small percentage of all philanthropic dollars are directed to Native American-focused community and economic development. The issue areas with the most investment from philanthropy for Native Americans included more than a quarter of grant dollars for culture and arts (28 percent), followed by education (24 percent) and health (17 percent). Community and Economic Development, the only category related explicitly to wealth building (in mainstream Western sense), shows that only 15.2 percent of grants, or just over \$75 million, went to this category. These different categories of grants reflect funder priority issue areas and “do not necessarily reflect the priorities and needs of Native American communities.”¹⁰

Funders committed to the specific strategic issue area of growing Native American wealth can supercharge their efforts and make them sustainable by increasing their grantmaking toward nurturing the ecosystem of Native American small business development.

In the spring of 2023, as a collective act toward deep learning and increasing philanthropic investment in Native American wealth building through small business development, a group of funders and practitioners came together through the Asset Funders Network to ask:

What will it take for leaders in asset building philanthropy to increase support for Native American-led wealth building initiatives focused on small business development and entrepreneurship?

Asset Funders Network, Roanhorse Consulting, LLC, and Native Women Lead, collaborated to co-create three 90-minute round table sessions that engaged philanthropic partners seeking to invest and deepen their support in Native American entrepreneurship in the United States. The process centered Indigenous worldview, a historical review of Native American entrepreneurship, and honored the lived experiences of the entrepreneurs, practitioners, and philanthropic program officers participating in the sessions.

This Executive Summary lifts up the most potent ideas, opportunities, insights, and challenges in philanthropy that surfaced during the discussions through the lens of these three goals: connecting, collaborating, and creating change. What is offered is a call to action to funders to thoughtfully and expeditiously move money to Native-led work in this field and to continue to actively broaden their understanding and networks of partners in this work. We provide these reflections and recommendations as propellant for funders to ignite deep and nuanced conversations within their organization and with peer funders in order to develop right relationship with Indigenous-led efforts so that they can provide and sustain long term catalytic support and resources for Native entrepreneurs.

Connecting

Indigenous worldviews, approaches, and priorities are fundamentally different from Western colonial ones. For example, the definition and concept of wealth for many Indigenous people is rooted in the concept of multigenerational community wellness that may vary in priority, practice, and overall end goals. Additionally, the unique challenges Indigenous people face in entrepreneurship and economic mobility are heavily influenced by decades of historical trauma, financial exclusion, attempted genocide, and human, land, and resource theft, extraction, and exploitation. Therefore, listening deeply and building trust between funders and Native American leaders in the sector are essential to culturally responsive and reparative grantmaking practices. Outlined below are six principles that support connection through listening and trust building:

1. Learn about the Indigenous worldview with curiosity and intent to develop deeper understanding about the unique people, cultures, and communities with whom you seek to partner.
2. Prioritize educating all levels of your team about financial trauma¹¹ in order to create safe and brave spaces for conversations that center how lived experience impacts people and communities' relationships to money, wealth, and capital.
3. Address how individual experiences, bias, and historical and systemic inequities impact financial decisions and behaviors for both funders and Indigenous communities.
4. Center and learn from grantees, practitioners, and entrepreneurs while being sensitive to the power dynamics that exist between funders and grantees because of complex identities and varied connections to wealth.
5. Prioritize patience and grace while learning, cultivating relationships, designing processes, and implementing strategy. Doing this work takes time.
6. Assess the alignment of your own organization's vision, values, and priorities to serving Native American Small Businesses. Activate what is already aligned and identify what needs to be changed.

Reparative Grantmaking

Reparative Grantmaking acknowledges the tensions and contradictions present in how philanthropic capital has been amassed, embraces the complexities of those tensions acknowledging the moral obligation to redistribute their accumulated wealth in support of communities most impacted by economic inequality in order to begin to repair historic wrongs.

Collaborating

In order to create the relationship and trust needed to authentically invest in Native American entrepreneurs, funders must acknowledge how philanthropic wealth was accumulated in the first place (extraction, land dispossession, slavery, etc.) and activate its power as a sector to shift policies and resources so that Native people have the space, resources and support they need to build their own infrastructure that reflects their lived experience. This happens through deepening a collective commitment among peers in philanthropy to create sector standards, policies, and investment practices that center the needs and self-determination of Native American small business support organizations, initiatives, and leaders. Funders can do this collective work by:

1. Activating opportunities to create a collective strategy across funder affinity groups by utilizing resources such as AFN's [Realizing Economic Justice](#) initiative. For example, engage with and influence coordinated and collaborative investment with peers in the sector.
2. Expand a collective understanding of social impact that honors the expertise, autonomy, and self-determination of Indigenous people by acknowledging that Native entrepreneurs are inherently social entrepreneurs building social impact enterprises that serve multiple needs of their communities.
3. Convene conversations between peers and practitioners to learn about various approaches and application of [Indigenous Community Wealth Building](#), which is a cultural and systems approach to economic development that creates an inclusive, sustainable economy built on locally rooted and broadly held ownership that puts people and community first.
4. Collaborate and connect across your organization to deploy a broader range of strategies and support for Native entrepreneurs, including but not limited to loans, purchasing, promoting business to other stakeholders, technical assistance.
5. Connect with peer funders to share lessons, make introductions to ally funders and Native practitioners, and align funding and investments toward Native small business development.

Self-determination

Self-determination or Indigenous sovereignty are elements of the moral principle that Native Americans are the experts on their own lived experiences and therefore know the best ways to achieve their missions and visions, and can develop solutions relevant to their communities and territories. Within the context of philanthropy, this means relinquishing decision-making power to Indigenous leadership when giving money to Indigenous-led funds.

Creating Change

Foundations, of all sizes, and philanthropic leaders, at all levels of organization leadership, can create goals that activate support of Native American small businesses, and create space for learning and authentic connection with Native people. Creating change requires multi-levels of commitment, from the individual to the institutional within foundations for overall social impact in Native communities. Funders do this by adopting and expanding strategies that intentionally, explicitly, and sustainably increase philanthropic support of Native American small businesses and entrepreneurs over the long term. Funders do this by:

1. Understanding that centering Native Americans is different from the racial equity and racial justice work they may be familiar with. This work is also about upholding Native American sovereignty for and with Native American people and their Nations—a unique political position that can be simultaneously expansive and limiting in leveraging and deploying resources.
2. Continuously learning how tribal governments are working, and specifically, how they are approaching economic development and supporting small businesses. Like municipalities, tribal governments might be helpful partners in activating and increasing small business funding in certain scenarios, private philanthropy can help fill in the gaps left by the public sector.
3. Combating data invisibility by supporting community-led data collection and storytelling efforts of Native American small businesses in building infrastructure, increasing resources, and amplifying the economic impact they have in their communities. Qualitative data is critical and more nuanced than quantitative data because it builds understanding, trust, and relationship between philanthropy and Indigenous communities.
4. Collectively examining current philanthropic measures of evaluation and success while considering how Indigenous people measure success in order to align and realign values, visions, mission, strategies, evaluation, and impact so that they are co-created and committed to by community and philanthropy.
5. Acknowledging that borders are a colonial construct and expand grantmaking beyond foundation-centric geographic priorities in order to better meet the needs of Native American communities beyond a foundation's usual geographic priority areas.
6. Invest both endowment investment capital and make grants to Native-led entrepreneurial ecosystems that already exist, such as Native CDFIs, Native financial intermediaries, Native emerging fund managers, Native owned social enterprises, and Native-led collaborations and coalitions.¹²

Data invisibility

Data invisibility, ethnicity and race in the United States are often consolidated into broad categories in ways that make some communities invisible or hide disparate impacts of inequality on subgroups. Broad categories flatten the experiences of communities, replicate marginalization, and don't often account for intersectionality of identities.

Moreover, outdated definitions and poor data quality have led to a misunderstanding about the size, significance, and complexity of the Native American population. In a sector such as philanthropy that prioritizes data-driven decision-making, small and rural Native communities are often made invisible.

Summary

Every organization and funder arrives into this conversation with varying theories of change, education, understanding, level of commitment, priorities, and strategies. For example, some understand the importance of investing in Native American businesses to increase equity, while others see the potential for transforming the field toward reparations and reconciliation.

These points of view are all needed, and we encourage funders to consider the following:

- Find ways to center lived experiences in your decision making processes.
- Acknowledge traditional financial solutions or colonial Western worldviews to wealth gaps are not working so we have to change, challenge, dismantle, and reimagine solutions.
- Support healing, restorative practices, and trauma-informed approaches as an opportunity to build right relationship and honor peoples' shared humanity.
- Understand that Indigenous worldviews decenter humans and center the living world and all creation around us as critical stakeholders that need to be acknowledged, protected, and respected.

There is a need for increasing organizational commitments to making time for more independent learning and for building relationships with Native-led networks. Funders can:

- Define what it means to be in right relationship with Native-led efforts for their organization.
- Championing and working at all levels of decision making within their organization to garner aligned commitment to build relationships, capacity, and power with Native people and communities.
- Prioritize opportunities for funder groups to co-create a collective strategy, action, and shared accountability.

This is just the tip of the iceberg and how philanthropic organizations can engage based on a willingness to take the time to understand the realities Native American entrepreneurs face and the systems their communities live within.

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Endnotes

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