



Small Business Grants for Native Americans

Small Business Funding

If you are looking to start a small business in Indian Country, there are a few options available to you outside of traditional bank financing.

Community Development Financial Institutions (CDFIs)

CDFI's are lenders with a mission to provide fair, responsible financing to rural, urban, Native, and other communities. As of April 14, 2022, there are 1,399 Certified CDFIs. Of these, 69 are operated by Native organizations.

[Click here](#) to see a full list of certified CDFIs. CDFIs that have not been certified through the U.S Treasury Department will not appear on the list. Many Native CDFIs are affiliated with tribes so check with your tribe if you do not see them on this list.

CDFI's vs Traditional Banks

- CDFIs have more of a philanthropic mission to provide affordable lending to financially disadvantaged communities whereas banks provide loans to make a profit.
- Most CDFIs offer lending to start a business while traditional banks will only lend money to existing businesses.
- CDFIs offer lower interest rate loans than banks
- CDFIs are more willing to lend to those with a poor credit history.
- CDFIs provide services such as financial education and business coaching



Crowdfunding makes use of vast networks of people through **social media** and crowdfunding websites to bring investors and entrepreneurs together. One of the most famous examples of crowdfunding in Indian Country is the Sioux Chef, Shawn Sherman who was able to raise nearly \$150,000 from 2,358 backers in 30 days on Kickstarter. When you raise money through crowdfunding, you typically do not pay it back.

There are other crowdfunding options such as Kiva which is a low interest loan (\$1,000 – \$15,000) sourced from many investors who donate \$25 or more to support your project. When applying for a loan through Kiva, you go through a private fundraising period where Kiva will give you up to **15 days** to gather the support of **5-40** friends, family, and community members to kickstart your fundraising campaign by investing \$25.00. Once you reach your target (in terms of # of individuals, *not* loan value), you will have proven your creditworthiness with Kiva and will proceed to Public Fundraising. During the public fundraising period, investors from all over the world can invest in your campaign.

Grant Funding Opportunities for Native American Businesses

If you are a Native American and need funding to start or grow a business, you are undoubtedly wondering what small business grant funding programs are available. So, are there grants to help you start or grow your business? The answer is — maybe. In this post, we will debunk some of the myths about grants, explain how grant programs work, and share information on some of the existing grant programs available to help Native entrepreneurs get the funding they need.

In general, grants are most often provided by federal and state government agencies, large corporations, and philanthropic foundations. Occasionally, there may be opportunities for grants through tribal programs. Let's examine each of these in more detail.

Federal Government Grants

Infomercials and numerous articles on the Internet will tell you the Federal Government puts aside millions of dollars in form of grants to support Native American businesses. This is true, however grant funds offered by federal government agencies such as the **Small Business Administration**, The **Minority Business Development Agency**, and the **Office of Native American Affairs** are most often awarded to nonprofit organizations that provide training and technical assistance to help people start and grow small businesses. The IDRS Acorn



Some government grants are available for small businesses but they are designated for very specific programs. For example:

- The **Small Business Innovative Research (SBIR) Program** offers grants to help small businesses perform research and development that addresses the nation's most critical scientific and engineering needs. These needs span the technology spectrum – from aviation and agriculture to medicine and manufacturing.
- The SBA manages the **7(j) Management and Technical Assistance Services Program** which provides a grant to existing small businesses that can provide management and technical assistance services to other small businesses.
- The U.S.D.A. provides grants to help farmers develop housing for year-round and migrant or seasonal domestic farm laborers under the **Farm Labor Housing**

So you see, some federal programs offer grants to small businesses, but it's not so individuals can "start" a business. The grants are given to existing small businesses that will use the funds for a very specific purpose that greatly benefits the economy or society in some way.

State/City Government Grants

Most small business grants available for regular businesses (such as retail) will come from local state or city agencies that focus on small business and economic development. One example is the **Indian Equity Fund (IEF) Small Business Grant** managed by the Montana Office of Tourism and Business Development. The **New Mexico Regional Development Corporation (NMRDC)** has two grant programs for small businesses. One is a micro-grant for individually owned businesses and the other is only for small businesses owned by a tribe.

Upon closer examination of these grant programs, you will notice the following characteristics which are common among most grant programs.

Grants are sometimes for specific types of businesses

The Indian Equity Fund for example is only open to businesses owned by a person who is a citizen of a Federal Recognized Tribe. There



Some grants require you to spend the money on something specific such as a piece of equipment or to send an employee through a training program. Even if the grant does not define a specific activity in the request for a proposal, you will have to clearly explain how the funds will be used when you submit your grant proposal. If your proposal states the funds will be used to purchase a pizza oven, you will be required to use the funds for that purpose and nothing else.

- The Indian Equity Fund grant can be used for things such as
 - Purchase of land, building and equipment
- Purchase of assets including furnishings, equipment and technology
- Selected use of working capital for business operations
- Grants are typically small

Most small business grant programs are designed to help as many businesses as possible which means the monetary amount of funds any one business can apply for will be limited. Look back at the two example grant programs. Notice under the Indian Equity Fund grant, the most a Native entrepreneur can apply for is \$14,000 while under the NMRDC program the maximum amount is \$2,500.

Grants often require matching funds

The Indian Equity Fund grant, for instance, requires you to match the monetary amount of grant funds you receive. If you apply for a grant for \$5,000 to purchase a bull-dozer, then you will have to have \$5,000 of your own money to put toward that purchase (and yes you will probably have to prove that you have the \$5,000 and that you actually used it to purchase the piece of equipment).

Grants are primarily awarded to existing businesses

If you look at small businesses who have previously been awarded grants, you will notice the majority of them were already in operation, even if the business was still considered to be in the startup phase which is the first five years. Funders of these programs want to ensure grant funds are being used in way that maximizes the impact – in other words, they want to get the most bang for their buck. They know, this is more likely to happen when funds are given to a business that has already been started and operating at some level of sufficiency.



form of research hours and not cash. Another example is a program that was offered by the Cherokee Nation Small Business Assistance Center where grants were provided to help Cherokee-owned businesses with professional services such as website development, marketing and the services of a CPA to help them set up QuickBooks software.

Corporate Grant Programs

There are also cases where private businesses will provide grants as a way to increase awareness about their products and services or support a specific cause. A great example of this is the grant competition offered by [Federal Express](#).

The company is obviously using this as a platform for increasing awareness about its services which is evident in the requirement for contestants to get public votes as part of the scoring criteria.

Tribal Programs

On occasion, a tribe might provide some type of financial assistance to its citizens. The Tolowa Dee-ni' Nation provides up to \$1,000 per year to its citizens which can be used for educational purposes or to help develop a small business.

The final word on small business grants

Applying for a grant is a competitive process where many small businesses will apply, but only a few will receive an award. Grant-awarding organizations require various pieces of information, but you should plan to include a cover letter, table of contents, executive summary, statement of need, project description, goals/objectives, methods/timelines and staffing. You must be able to write a grant proposal that displays your passion for your organization, and lists the ways your business will benefit your community with the grant money. It is imperative that you carefully read each grant application and follow the instructions very carefully.

While small business grants can be small and hard to find, any free funds or in-kind services you can receive will be helpful to grow your business.

The best place to start looking is within your own tribe. You might start with your tribe's economic development department and talk with your tribal council to see if there are any other programs within the tribe that might be available. Next, see what programs are offered through your city or state economic development agency.



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