

122811 Growing Native businesses on reservations

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Fort Pierre, S.D. – Starting a business is usually easier said than done – especially if you’re trying to do so on a reservation. But the South Dakota Indian Business Alliance is working to change that with the help of their recent report “Native Entrepreneurship on South Dakota’s Nine Reservations”.

Released at the Native CDFI Network Gathering in Minneapolis, Minnesota, the report examines the small business development environment on reservations in South Dakota and reveals barriers and opportunities for private sector development in those areas.

A CDFI is a Community Development Financial Institution, like Lakota Funds, on the Pine Ridge Reservation or First Nations Oweesta Corporation, which has an office in Rapid City.

The Native Entrepreneurship report provides a detailed overview of major barriers to private small business development in reservations communities. It also reviews federal and state government small business funding and technical assistance programs, as well as Native-specific small business funding and support resources on each reservation.

Corporation for Enterprise Development spokesperson Kim Pate, based in Washington, D.C., co-authored the Native Entrepreneurship report. Pate feels that one of the primary problems to increasing private Native businesses is a lack of knowledge about available assistance programs with agencies such as the Small Business Administration, the USDA and the Department of Labor. But Pate adds that there are also barriers.

“Just the difficulty in getting collateral, because of the trust status of tribal land,” Pate explained. “That’s a big barrier. Second is really the lack of affordable financial products and services. In most of these reservation communities....there are no banks.”

Pate noted that the often confusing rules governing the trust status of reservation land can cause issues for tribal businesses, but can be even more of a negative for those that are privately owned.

“Since it’s not possible for individuals to own title to the land because it’s because it’s in trust status to the federal government,” observed Pate, “that’s a disincentive for investors to come into Native communities, because they’re not sure they’re going to get their investment back.”

The lack of affordable financial products and services on reservations as a result of the absence of banks merely adds to the complexity of establishing businesses there.

What else? There’s the lack of available training for entrepreneurs, a lack of equity investment in Native-owned enterprises, inadequate telecommunications and transportation – the list goes on.

One of the most positive steps forward in recent years for Native entrepreneurship, noted Pate, was the creation of CDFIs like Lakota Funds, or the Four Bands Community Fund on the Cheyenne River Sioux Reservation – which commissioned the “Native Entrepreneurship in South Dakota’s Nine Reservations” report.

As for the South Dakota Indian Business Alliance, Pate has nothing but praise for the recently formed organization.

“Stakeholders...including non-profits, foundations, financial institutions, tribal governments throughout South Dakota, working around business development in Indian communities felt there was a gap in a coordinated approach to business supports for Native entrepreneurs,” explained Pate.

These entities knew of other support networks that were working well for entrepreneurs in other parts of the country and combined to form the South Dakota Indian Business Alliance – modeling themselves after the Montana Indian Business Alliance.

“So they really came together to talk about the most effective ways to create strong business environments for South Dakota’s reservation communities,” said Pate.

Among the accessible programs for Native businesses at the federal level are the Small Business Development Centers, the Women’s Business Centers as

well as a program for investment in micro- entrepreneurs. Information on all of these can be obtained through the Small Business Administration.

There is a light at the end of the Native entrepreneurship tunnel, Pate observed. It's being held by entities like the South Dakota Indian Business Alliance, which brings together interested parties from across huge areas all united in a common cause – supporting the growth of Native-owned businesses.

To access the “Native Entrepreneurship on South Dakota’s Nine Reservations” report, go to:

http://cfed.org/knowledge_center/publications/entrepreneurship/Native_Entrepreneurship_South_Dakotas_Nine_Reservations/

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