CDFIs Making History Interview

Elsie Meeks
State Director, South Dakota United States Department of Agriculture Rural Development and Executive Director, The Lakota Funds 1991-1996

Mark Pinsky, President & CEO of OFN, conducted this interview on July 14, 2014.

Elsie: So, I've been thinking about it a little bit.

Mark: Let's hear.

Elsie: Well, I was thinking about the first Conference I went to, which I don't think was the first one. I think it may have been...

Mark: Uh huh. Where was it?

Elsie: Chevy Chase, Maryland, at the 4-H Center. The rooms were not great, and we were, there was Gerald Sherman and myself, and we had been encouraged to go by Larry Swift who had run with Stock Institute and was acting as a consultant, helping us get Lakota Fund off the ground. There were these... The New Hampshire Community Development Loan Fund, the Delaware Community Reinvestment Fund or whatever it was called in those days.

Of course, OFN was National Association of Community Development Loans [Funds]. These other loan funds, community development loan funds were so much bigger and so much different than what the Lakota Fund was. We were doing micro-lending. We just couldn't quite figure out how we fit in, or what the relevance was, but we trusted Larry, and he said it was good for us to go.

I have to say, the first couple years I was scratching my head and wondering. But as we got more experienced and as NACDLF did, I began to see it was really about... NACDLF was trying to bring performance-based lending, community development lending, to light and to help all of us that were trying to do this community development lending figure out what our standards were. We weren't just the nonprofit that was throwing money at stuff. We were really trying to prove that this would work.

We began to start seeing the value and then just learning from everybody, was just amazing. I have to say, the fact that the Lakota
Fund is here today in a very difficult environment is really in no small part due to what we learned and the foundation we built because of NACDLF, and I mean that very sincerely.

Mark: That's great.

We were at Chevy Chase two years, I think, in a row, '89 and '90.

Elsie: I think longer than that. I think three years.

Mark: Really, before that?

Elsie: I think, but maybe you're right. Maybe it was just two, but I know I went there two years, and it was there.

Mark: Yeah. The second year, I know it was '90 in the second year because that was the first year that I went. That's how I know that, and I know they'd been there the year before. Maybe they'd been there other years as well. I have to check that. One year we had Yunus. Do you remember that, when Yunus came and spoke on [INAUDIBLE] capital?

Elsie: Oh yes, yes. I sure do. Prior to him being at that Conference, he'd been out here to Pine Ridge.

Mark: Oh right.

Elsie: And came to Lakota Fund and I believe prior to that Gerald and them had gone over to Bangladesh, but it could have been afterwards. I don't know.

Mark: Right. What was that like, having Yunus on Pine Ridge?

Elsie: Oh, it was amazing. You know what, we have similarly a population that's very poor, lacked assets and we were trying to figure out the most effective way to do lending because there wasn't a lot of ways to secure loans here for some of the same reasons that was in Bangladesh.

Just having him here. We had a thousand questions and to learn how they did it at the Grameen Bank, what were the similarities? What wasn't similar? Getting someone like Yunus to Pine Ridge was, and he is truly a charismatic guy and there were a lot of people came to hear him for people in our community, to see someone like Dr. Yunus to say he's in the poorest country in the nation, and we had the poorest
county in the nation. That he was doing this lending there, we were so inspired, and gave us the courage to keep moving forward.

Mark: I bet it did. That's amazing. I have a couple other questions. The first is I remember hearing you talk a little bit about the decision to start the Lakota Fund and what was that like? What was it like the first day you walked in and you said, "OK, great. We're the Lakota Fund. What's that mean?"

Elsie: Well, lots of people across the reservation were trying to figure out how you do economic development. The tribe and federal government had been providing tax credits to start factories and programs like that that offered employment. None of them had work because when the tax credits were gone, so were the businesses.

We were really trying to figure out how do you do this? How do you really do it from the ground up? Allow our own community members to get into business? We thought the banks were prejudice and wouldn't lend to us to start businesses, and we had a lot of, I think, not true ideas about what was wrong and why we couldn't get it done, but we just decided to do this.

To start our own loan fund that would provide some technical assistance and some loans to help people to get into business. At the time there were really only a handful of businesses on Pine Ridge and none of them were owned by tribal members.

Mark: Really?

Elsie: Yes. So, how to turn that around? We were so naive, we didn't realize until later business lending is about the most risky thing you can do. We found out by doing a study that 75% of our borrowers had never had a checking or savings account. About the same amount give or take had not ever had a loan. None of them, virtually, had been in business. That was just really... We found out how hard it was.

But I will say having this cohort of NACDLF members there, that we could talk to, was willing to give of their time and their expertise and just help us think through, how do we really do this. To feel like we were part of something bigger than just what we were doing at Pine Ridge. That was really, I mean, that was so helpful.

Then I think I'd been a member for a few years and someone encouraged me to run for the board. At that time it was still NACDLF
and we had the annual meeting. The annual meeting was in Boston. I was scared. [LAUGHS] I wasn't sure why I'd done this, and I didn't want to get up and give a speech.

Here were all these people that to me were just so smart and educated. I still viewed myself, and in fact still was, just somebody from the reservation that got involved in trying to do something good, but had no idea what we were doing, or what I was doing.

So, I ran for the board and somehow did manage to get up and say something that people understood, I guess. And, I’ll tell you, then that was... I mean, being on the board with Greg Ramm, Jeremy Nowak, Clara... What’s Clara's name?

Mark: Miller. Clara Miller.

Elsie: Clara Miller. Right. Yes. Yes. I mean as well as some other ones that I... I really couldn't say a word for about the first year I think, because it was just still above my head, but I was soaking it up. Then over time, just understood this industry I think. Of course we argued at the time about whether it was a movement, a field, an industry. What it was.

Mark: Right.

Elsie: You think of 30 years later, the impact the industry, I call it now, has had has just been phenomenal.

Mark: Talk a little bit Elsie, I’d love to hear you talk a little bit about... You were the first Native CDFI; we didn't even call them CDFIs then. What does it feel like that there's now this Native CDFI industry with, I don't know the numbers, 70, 80, you know, certified CDFIs? [CROSSTALK]

Elsie: Yeah, I think 73 or so is what I saw last.

When we were starting the Lakota Fund we didn’t know really whether this would work. Nothing had really worked and there were times we wondered whether it was working. After we finally figured out, and so did the whole field figure out what the best practices were.

We got our feet on the ground, then we realized just how important these sorts of institutions are on Reservations. There's really nothing on most reservations that allow people the opportunity to get into their own business, learn about management, learn about accountability. Be
responsible for their own loans and accountable to their business and gain some knowledge about how you own something and create something.

We could look around other reservations and there really wasn't anything like that. For instance, there was a lot of different construction going on at Pine Ridge, but none of the prime contractors were Native. There were some sub-contractors or employees of these prime contractors or general contractors, and by offering them a loan and giving them some technical assistance, a number of them got into business.

In fact, there's really hardly a non-Native contractor on the reservation now. When we could see that sort of thing happening at Pine Ridge and knowing people would come talk to us about the Lakota Fund and they had nothing like that going, it was clear that this was a vehicle that was going to work.

It was separate from the tribe but completely served tribal members and had tribal members as board members and staff. The lessons we learned and they were many, we made so many mistakes, but learned from them. They were honest mistakes. We adjusted. We were around other CDFIs and members of, by that time it was, National Community Capital Association, I suppose.

To realize that these are the best things for creating community development. Allowing community members to be a part of the economy. We freely shared and would tell them, I feel like we had about a 12 year learning curve and the Native CDFIs, really because of what Lakota Fund learned the hard way, did not make the same mistakes that we made.

They really have a couple of year learning curve and really have their best practices set down right from the beginning. That's so rewarding. It was hard work and I felt like I got run over by a truck about every other day at Lakota Fund, but it was so worth it for what other tribes have gained through this, and Native communities.

Mark: That's incredible. One last question for you, Elsie. When you think forward, and you can think either just about Native CDFIs or you can think about all CDFIs. What's important? What's the vision?

Elsie: Well, I think as... The CDFIs are doing that now, but they have really identified what the capital needs are in a poor community, figured out
how they lend the money, how they do community development or business development. They've identified policy that needs change. There's more to do.

I think because of the credibility of the CDFIs, I think they're going to be able to shape that policy in a way that really does make it work. I think there's going to be, I think, at some point, banks and CDFIs will be more cohesive. I think they are now to a degree, but I think banks are going to participate more, are really trying to figure out how they lend more like CDFIs. Hopefully some of those policies can change.

Banks are regulated and highly regulated and they should be, but I think that they're going to complement CDFIs. I don't think that's bad news for CDFIs at all. I don't think that we should look at it as a competition with the banks. I think that's where the capital is. I think they need to figure it out and we do too about how we work, as I said, more cohesively with them [INAUDIBLE] complementary.

Mark: That's great. Any last thoughts?

Elsie: The one thing I said the last time I ran for the board was, I needed to be elected to OFN's board because I'd served on NACDLF's board, NCCA's board and then OFN's.

Mark: Right.

Elsie: Who knows what the next progression may bring. Hopefully not a name change, but...

Mark: Yeah, the next name change will be after I'm dead and gone as far as I'm concerned.

Elsie: Yeah. [LAUGHS]

No, I mean, it's just been such an incredible institution and really, under your leadership Mark, has tried to, I think, stay relevant and the Native CDFIs is really a growing... And it's where the need is. I think the CDFIs that started off reservation or out of Native communities in the places where they should. They've gotten strong and built all kinds of strategies to meet the needs in their communities.

Native communities are the ones, that's where the really need is now. It's harder for them to operate in a Native community. It really is because the systems aren't there, the experience isn't there, but
playing that role is really important and thanks for really jumping on board with that.

Mark: Thank you. That was very kind. I wouldn't be here doing this if it weren't for people like you who had figured out how to stick with it when none of us knew what we were doing.

Elsie: And keep coming to work even though we got ran over by a truck every other day or felt like it. Oh, I so appreciate the Native CDFIs’ executive directors. I know what they go through.

Mark: Yeah, well you know. You did it first.