



New Mexico Native Green Loan Fund

*A Collaborative Program Related Investment Opportunity
for Foundations and Private Investors sponsored by:
Confluence Philanthropy and the New Mexico Indian Affairs Department*

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Greening Tribal Infrastructure Projects Across New Mexico

The New Mexico Native Green Loan Fund is a public-private partnership between the New Mexico Indian Affairs Department (IAD) and philanthropic entities based in the United States.

The Loan Fund seeks to leverage some \$10 million in annually-appropriated State Funds for tribal infrastructure projects (i.e. electricity, water, wastewater, etc.) by a projected \$10 million program related investment fund. The Loan Fund will augment the IAD's existing grants program and provide 'green' options to tribal community development projects.

Technical assistance will be an inherent component of the program, enabling applicants to receive a limited amount of pro-bono consultation about ecological solutions to their projects during the application phase.

Problem that the Fund seeks to Address

IAD's Tribal Infrastructure Funds grant program (TIF) is a highly successful grants program that distributes \$5M per year for infrastructure projects on tribal lands across New Mexico. Projects are typically completed within 18 months, and the default rate on the projects is extremely low. However, the majority of these projects lack sustainability and green design elements due to a lack of knowledge, grantee incentives, and gap capital. Native American communities often lack investment opportunities and receive a disproportionately low amount of philanthropic support. The Loan Fund leverages state appropriated dollars by matching these with philanthropic loan dollars to incentivize projects with green solutions.

Project Examples:

Leapfrogging the grid. Communities across New Mexico lack access to the electrical grid. TIF projects include building electrical infrastructure out to rural areas. By solarizing communities the TIF can help these remote regions to 'leapfrog' antiquated grid technologies making communities more sustainable and self-reliant. A handful of communities have already begun this process.

Waste Water Solutions. Rural communities also deal with the combined problems of handling wastewater and a lack of access to potable water and grey water. By using natural 'living machine' wastewater technology systems communities may be able to treat wastewater on site, with grey water by-products that can be used for irrigation and other uses.

Loan Fund Structure

Secretary Arthur Allison of the New Mexico Indian Affairs Department is a lead advocate of the Fund

The Loan fund will be housed within a community lending institution selected through an RFP process. The New Mexico Finance Authority, a \$2 billion State Agency, will partner with the Fund Manager. Program related investments provided by philanthropic entities will be placed at the lending institution within a below market rate loan fund program. (The fund structure remains to be determined.) This fund will be affiliated with the IAD's Tribal Infrastructure Funds grant program. During the application phase potential grantees will have the option of selecting consideration to the Green Loan Fund. If successful, grantees will receive the majority of their award in the form of a TiF grant, with an additional low interest loan to cover green project components. Lending Institution staff will work in partnership with IAD to conduct due diligence on the loans, outreach, and technical assistance to applicants. A local non profit(s) will be selected to aid in green design elements.

Why Program Related Investing?

The Loan Fund leverages state appropriated dollars by matching these with philanthropic loan capital to incentivize tribal community development projects with green solutions, while providing a below market rate return to Investors.

Program related investing (PRI) is a tool that foundations can use to leverage their philanthropic dollars to fulfill organizational mission with a return on investment. PRI's can be paid out of the 5% minimum pay-out required by foundation law, or from the 'other 95%' of a foundation's investable assets. Unlike grants, however, PRI's provide a below market rate return on investment either through repayment or return on equity.

The New Mexico Native Green Loan Fund is suitable for Foundation and Individual Donors who can invest at least \$250,000 in the program and whose mission focuses on indigenous peoples; climate and energy; water conservation; rural community development; and ecosystems protection in the Southwest. Many of the Loan projects will also have green jobs components.

The Fund will be fully capitalized at \$10 million; however loans will begin being made in partnership with the IAD Tribal Infrastructure Grants Program once the Fund has reached \$1 million.

Participation in this Fund allows Confluence Philanthropy and partnering entities to provide low interest capital to projects that are fully charitable, whether the organization receiving the loan is a for-profit or nonprofit.

Once proven successful, this PRI model holds the potential to be expanded and replicated to other tribal agencies within New Mexico and in other regions.

Partners

Confluence is a network of foundations, individual donors, and non profit organizations that builds capacity and provides technical assistance to enhance the ability of our members to pursue mission related investing strategies. Projects include education, outreach, and networking; shareholder advocacy services; program related investing; and conferences. Confluence Philanthropy was launched as a special project of Rockefeller Philanthropy Advisors in 2009 and is an independent 501c3 organization. CEO: Dana Lanza, dana@confluencephilanthropy.org or Financial Consultant, Drew Tulchin: drew@socialenterprise.net

The New Mexico Indian Affairs Department

In 2003, Governor Bill Richardson elevated the New Mexico Office of Indian Affairs to the New Mexico Indian Affairs Department (IAD). Since then the IAD has implemented groundbreaking state-tribal policies intended to improve the quality of life for the state's Indian citizens. These initiatives are designed to strengthen tribal and state relations and address the challenges faced by Native communities; challenges such as economic development, infrastructure improvement, the protection of cultures and languages, health care accessibility, and educational opportunities. IAD the first and only cabinet level state Indian affairs department in the nation.

Department Secretary: Arthur Allison, arthur.allison@state.nm.us

The New Mexico Finance Authority

The NMFA is a statutorily created public body politic and corporate, separate and apart from the state constituting a government instrumentality. The NMFA occupies a unique niche in the state's tool kit for public/ private ventures and is the premier finance agency for (i) public infrastructure projects to local governments and tribes (ii) non-profit facilities financing, and (iii) small business lending. Through its 16 financing programs, the NMFA serves the entire state of New Mexico and its various constituencies, with approximately 80% of NMFA's annual transaction activity directed to borrowers located in small towns and rural, disadvantaged communities. Since 2001, the NMFA has closed more than \$100 million in high impact tribal projects including 12 loans totaling \$86.7 million and 33 grants for critical water and wastewater infrastructure totaling \$18.8 million. Most impressively, NMFA enjoys a zero default track record.

Learn More

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