BioFi Project



Spruce Root

Building a Regional Financial Ecosystem

SOUTHEAST ALASKA **WEBSITE**

Spruce Root is an Indigenous-led Community Development Financial Institution (CDFI) working across Southeast Alaska, the traditional homelands of the Tlingit, Haida and Tsimshian peoples. The region stretches across the islands, fjords and coastal communities of the Alexander Archipelago and includes the Tongass National Forest, the largest remaining temperate rainforest in the world.

The region's communities are geographically dispersed, many accessible only by boat or plane, and its recent economy has long been shaped by natural-resource industries including fishing, forestry and tourism. Spruce Root emerged from an effort to build a different economic future: one in which locally owned businesses, Indigenous stewardship and community wealth could reinforce rather than compete with the health of the region's lands and waters.

Spruce Root was founded in 2012 as the Haa Aaní Community Development Fund with $500,000 in seed capital from Sealaska Corporation, the Alaska Native corporation owned by more than 26,000 Tlingit, Haida and Tsimshian shareholders. It became an independent nonprofit CDFI and adopted the Spruce Root name in 2017. Since then, its work has expanded beyond small-business lending into a wider set of financial and institutional structures supporting the regional economy.

Challenge

Entrepreneurs in Southeast Alaska face financing conditions that differ substantially from those in larger markets. Communities are small and remote, businesses often operate in seasonal industries, and entrepreneurs may need relatively modest amounts of capital that conventional lenders find difficult to underwrite.

But Spruce Root's experience has also shown that the financing gap extends beyond businesses. Building a regenerative regional economy requires investment in the relationships, planning, technical assistance and shared infrastructure that allow communities to identify opportunities and turn them into viable projects. These functions rarely generate financial returns themselves, yet without them investable opportunities may never emerge.

Spruce Root therefore works on both sides of the problem: providing capital directly to businesses while helping build the regional capacity through which new enterprises, infrastructure and stewardship projects can develop.

Model

Spruce Root combines several complementary functions.

- As a CDFI, it provides extensive financing and business assistance to entrepreneurs throughout Southeast Alaska. This includes financial wellness workshops, one-on-one financial coaching, resilience circles for indigenous entrepreneurs, technical assistance and financial awards to businesses developing locally rooted economic opportunities.
- Spruce Root is also the backbone organization within the Sustainable Southeast Partnership (SSP), a regional network bringing together Tribal governments, Native corporations, nonprofits, businesses, community organizations and public agencies. Rather than establishing a centralized regional plan, SSP works through community and regional "catalysts" embedded in different places and sectors. They help communities develop projects, connect partners and move shared priorities forward.
- A third layer is the Seacoast Trust, created to provide long-term funding for SSP itself. Spruce Root serves as the Seacoast Trust's fiscal sponsor. The SSP Steering Committee establishes the partnership's priorities and annual budget, while a separate investment committee oversees investment of the Seacoast Trust's assets and determines its annual distribution. Spruce Root's board retains fiduciary oversight. This separates two functions that are often combined: communities and regional partners shape what the network works on, while investment professionals steward the capital intended to support that work over the long term.

Finance

Spruce Root's financial architecture has developed incrementally as different needs have emerged.

Its original $500,000 investment from Sealaska established the lending institution. Today Spruce Root has a loan portfolio exceeding $5 million and has made more than 75 loans to Southeast

Alaska businesses. Its products include SBA microloans and business loans of up to $500,000, alongside technical assistance intended to help businesses become capable borrowers.

The Seacoast Trust finances something different: the regional coordination infrastructure around those enterprises and projects. SSP was initially supported primarily through philanthropy, but its partners recognized that repeatedly raising short-term grants made it difficult to sustain the relationships and capacity required for long-term regional work.

Sealaska provided the Seacoast Trust's first $10 million matching commitment, drawing on income it had received through forest-carbon projects. This created a particularly direct form of regional reinvestment: economic value associated with keeping Southeast Alaska forests standing helped capitalize an institution supporting the communities stewarding those landscapes.

The Seacoast Trust reached its initial $20 million capitalization goal in 2022 and had grown to approximately $30 million by 2026. Its longer-term goal is $100 million, at which point investment earnings could provide substantially greater ongoing support for SSP.

Spruce Root has since begun developing additional financing vehicles around needs emerging from the region. In 2024 it launched the Tongass Energy Bank, designed to finance larger clean-energy infrastructure in Alaska Native villages and rural communities. In 2025, Spruce Root and Native American Bank closed the Energy Bank's first $2 million investment, financing an electrical intertie serving the Metlakatla Indian Community that will reduce dependence on diesel generation. Spruce Root is seeking to deploy an additional $8 million through the facility, with individual investments generally expected to range from $500,000 to $4 million.

Outcomes

Spruce Root's enterprise-development work has built a pipeline alongside its lending. Over 12 years, more than 458 businesses and start-ups from 23 communities have applied to Path to Prosperity. The programme has trained 168 entrepreneurs and awarded 26 winners a combined $760,000.

The financial ecosystem has also expanded beyond small-business lending. The Seacoast Trust now provides a more durable source of funding for the Sustainable Southeast Partnership, while the Tongass Energy Bank has moved from design into deployment, financing its first major clean-energy infrastructure project in 2025.

Together, these institutions have expanded the kinds and scale of activity that can be financed across Southeast Alaska—from individual entrepreneurs and locally rooted businesses to regional coordination and large infrastructure.

Lessons

One of the clearest lessons from Spruce Root is that different regional needs require different financial structures. Small businesses, regional coordination and energy infrastructure cannot

reasonably be financed through the same instrument. Spruce Root's architecture has therefore accumulated over time rather than being designed as a single comprehensive fund.

Its experience also highlights the importance of financing what sits between projects. The Sustainable Southeast Partnership creates relationships, develops projects, coordinates actors and maintains knowledge across the region. The Seacoast Trust effectively treats that capacity as infrastructure worth capitalizing in its own right.

Finally, Spruce Root demonstrates one way of connecting long-term capital with regional self-determination. The Seacoast Trust does not ask an investment committee to decide what Southeast Alaska needs. Regional partners establish priorities through SSP, while the investment structure is responsible for stewarding the assets that help finance those priorities.

What's Next

Spruce Root continues to expand the range of financial tools available to Southeast Alaska. The Seacoast Trust is working toward its longer-term $100 million capitalization goal, while the Tongass Energy Bank is seeking to move additional investment into community-scale energy infrastructure.

The emerging architecture is therefore larger than the CDFI with which Spruce Root began. Business lending, enterprise development, regional coordination, permanent capital and infrastructure finance increasingly operate as complementary pieces of a place-based financial system—each designed around a different need identified within Southeast Alaska.