Meeting their Mission: How CDFIs Can Better Serve Entrepreneurs of Color

Wednesday, October 7th | 10-11:30 am
AMY WALLACE  
MODERATOR  
JPMORGAN CHASE & CO.

ALICIA DELIA  
THE RUNWAY PROJECT

JOYCE KLEIN  
THE ASPEN INSTITUTE

OLIVIA REBANAL  
CAPITAL IMPACT PARTNERS
Business Ownership Initiative

Delivering Credit to Entrepreneurs of Color Impacted by COVID-19
Why Community Financial Institutions Are Essential

Tues, Aug 4, 2 p.m. ET
as.pn/cdfi #talkopportunity

BRIDGING THE DIVIDE
How Business Ownership Can Help Close the Racial Wealth Gap
Joyce A. Klein
January 2017

THE RACIAL WEALTH GAP
Narrowing the Racial Wealth Gap through Business Ownership

Business Ownership and the Racial Wealth Gap
Expanding the Growth of Minority-Owned Firms

Tuesday, December 12th, noon – 1:30 pm ET
Factors/barriers affecting entrepreneurs of color

• Low wealth levels
• Lower credit scores
• Occupational segregation
• Financial exclusion and/or predation
• Lack of connection to markets, networks, information
Small dollar business loans are important

Most entrepreneurs of color and women are seeking less than $100K in financing:

- 76% of Black-owned firms
- 63% of Hispanic-owned firms
- 67% of Women-owned

*Source: Federal Reserve Small Business Credit Survey.

Reaching most entrepreneurs of color requires a willingness to make smaller-dollar loans (microloans, loans <$100K)
Other essential practices

• Build trust with people who have been excluded from and denied capital and wealth by existing systems.

• Stay deep in relationship with borrowers, in order to understand and address the specific challenges and issues they will face as they grow their firms and to connect them to appropriate resources at the right time.

• Equity and near-equity investments are necessary.
San Francisco Entrepreneurs of Color Fund
Creating a Continuum of Capital and Consulting
Midpoint Report

as.pn/sfeocf
CDFIs and Communities of Color

October 2020
Bay Area Asset Funders Network
Northern California Grantmakers
OUR MISSION:
Through capital and commitment, Capital Impact Partners helps people build communities of opportunity that break barriers to success.

OUR VISION:
A nation of communities of opportunity built on a foundation of equity, inclusiveness, and cooperation.

BUILDING COMMUNITIES OF OPPORTUNITY
YOUR LENDER AND PARTNER

CAPITAL IMPACT PARTNERS
A Mission-Driven Community Development Financial Institution

+ Working Since 1982 on Social and Racial Justice Issues Nationwide

= $2.5+BILLION
Invested in Communities to Deliver Social Impact
Strategic Pillars

**ADDRESS SYSTEMIC POVERTY**
Effect systemic change at scale—from social systems to government programs—so that all people have paths out of poverty.

**CREATE EQUITY**
Support equitable access to quality services and economic opportunity regardless of race, ethnicity, gender, or income.

**BUILD HEALTHY COMMUNITIES**
Foster connections and social supports that strengthen the links between health, education, housing and opportunity that help people and communities thrive together.

**PROMOTE INCLUSIVE GROWTH**
Build diverse, mixed-income communities that promote economic mobility and empower individuals to break the barriers to success.
WHERE WE WORK:

How do we describe the communities we serve?

We work within the context of a long history of systemic and institutional discrimination.
THE RACIAL WEALTH DIVIDE
1983-2016

MEDIAN NET WORTH, 1983-2016
- Whites
- Blacks
- Hispanics
How can we create wealth?
Programmatic Interventions to Systemic Barriers
Equity-Centered Initiatives

EQUITABLE DEVELOPMENT INITIATIVE

MICHIGAN GOOD FOOD FUND

Building More Inclusive Food Systems

ENTREPRENEURS OF COLOR FUND
Washington DC
RACIAL JUSTICE STRATEGY
Building the Strategy and Action Plans
VISION for Equity & Justice

Capital Impact Partners envisions a world where everyone prospers. We embody equity in the workplace by embedding such in our structure, culture, policy and products. In partnership with community, we endeavor to shatter the barriers created by systemic oppression in the pursuit of equitable access to resources that promote generational wealth development.
# Racial Justice Strategy – select activities

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<th>PRIORITY</th>
<th>ACTIVITIES</th>
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| Definitions, Language, Communications | • Provide training on unconscious bias, systemic oppression, asset-framing  
• Develop Glossary of Terms and provide corresponding training; Review language in all organizational documents to align with vision |
| Accountability and Metrics       | • Include race and ethnicity as standardized impact data collected  
• Develop Equitable Procurement Policy |
| Products and Services            | • Operationalize work in Catalyzing Finance for Racial Equity  
• Replicate equity-centered initiatives |
Catalyzing Finance for Racial Equity
Centering Justice Outcomes

In partnership with Nonprofit Finance Fund and The Real Estate Assets Lab (The REAL) will:

• Identify needs of community partners that advance positive health outcomes
• Produce a CFRE framework to drive capital toward positive outcomes

NEXT: develop guidelines to operationalize the framework
THANK YOU!

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BLACK REPAIR & RESILENCY
OUR TEAM
THE BRAINS BEHIND RUNWAY

Alicia DeLia  
Investor Relations

Konda Mason  
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Jamica El  
Marketing Director

Jessica Norwood  
Founder

Sherina McKinley  
Boston Director

Nina Robinson  
Oakland Director

Rani Langer-Croager  
Credit Committee Chair National

Hope Lehman  
Programs & Operations
OUR MISSION

The Runway Project is committed to advancing black resiliency for black businesses and the communities they serve by building emergent financial practices and infrastructure that closes the racial wealth gap for good.
On average, friends & Family invest $60 Billion a year into early-stage businesses. With most businesses needing an average of $30,000 in capital to get started, wealth inequality is the leading factor many great ideas don't leave the napkin. In addition to the wealth gap, black entrepreneurs are faced with credit barriers and connecting with trusted guidance.

$30,000
Average Start-Up Capital

$17,000
Average Black Household Wealth

$13,000
The Gap Runway Seeks to Fill
THE RUNWAY DIFFERENCE

TRADITIONAL LOANS

- Credit Score
- Collateral
- 2-3yrs tax returns & Business financials
- Personal Financials
- Business Plan
- Revenue Projections

THE RUNWAY PROJECT

- Personal Financials
- Business Plan
- Revenue Projections
- Letters of Recommendations
THE IMPACT
COVID-19

70%

Of Black businesses were in the hardest hit sectors of retail, health care, social services, hospitality, and transportation.
90% of Black, brown and women-owned businesses were shut out from first round of the Payment Protection Program (PPP) - $349 billion funding.
OUR RESPONSE
MARCH 2020 - NOW

Community
a couple weeks after Shelter-in-Place order, The Runway Project held a family meeting with our portfolio of 28 black-owned businesses

Emergency Fund
Raised over $500k from our funders and allies to immediately and comprehensively support our local Black entrepreneurs

Debt Deferment & PPP Support
worked closely with our partners Self Help Federal Credit Union and Berkshire Bank, to advocate for a 6-month moratorium on debt payments and access to PPP forgivable loan funds

Holistic Advising
surveyed the portfolio to better understand their wants and needs.
Hired digital marketing consultant and set up regular virtual wellness check-ins in response

Universal Basic Income
Extended an unrestricted universal basic income grant in the amount of $6,000 to each entrepreneur across 5 months
OUR IMPACT

37% of Runway borrowers have received PPP money and 26% have received EIDL funds. A huge success in comparison to the national average of 10% of black and brown businesses in the first round of PPP loan disbursements.
$6,000 unrestricted universal basic income grant extended to each of our 28 entrepreneurs for 5 months. No-strings attached income. UBI reflects our calling to choose trust, relationships, and humanity over bureaucracy, burdensome evaluation and productivity. UBI is not a gift, it is about justice.
100% of our businesses are still in operations.
WE HAVE MORAL RESPONSIBILITY TO REDISTRIBUTE CAPITAL BACK TO THE PEOPLE AND COMMUNITIES FOR WHOM WEALTH HAS BEEN SYSTEMATICALLY EXTRACTED FROM FOR GENERATIONS.

the RUNWAY PROJECT
RUNWAY PROJECT

LOOKING FORWARD

• Supporting & strengthening the Runway portfolio through monthly community calls and ongoing webinars

• Extending additional lending to the growing pipeline of Black businesses in partnership with Self Help Federal Credit Union, The Real People’s Fund, and Berkshire Bank

• Strengthening our operations, digital marketing strategies, and planning for a holiday market that will bring increased visibility and sales revenue to Runway businesses.

• Building on experiments that further black business resilience, community wealth and financial system transformation
CONTACT US

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Long-term solutions

• Policies to build/protect wealth: addressing student debt, costs of criminal justice system, address predatory lending practices
• Change the financial model and incentives for CDFI microlenders
• Provide support to lenders to reach and serve more entrepreneurs of color: build relationships of trust, provide consulting/coaching, implement technology to scale microlending
• Provide grants/patient equity
Entrepreneur-Backed Assets Fund

New 501c3 that is raising funds and purchasing microloans
  • Bridges bank and CDFI operational gaps and concerns to make a secondary market for microloans
  • Has purchased >200 loans from four CDFI microlenders
  • >75% of loans are to people of color
  • Risk based pricing
  • EBA will then seek bank buyers and share premiums with the CDFI

Learn more at www.ebafund.org
Thank you for attending today’s presentation

PLEASE FILL OUT OUR SURVEY

The survey will pop up on your screen momentarily

WE VALUE YOUR TIME,
AND YOUR RESPONSES WILL INFORM
OUR FUTURE PLANNING