



IDEAS THAT INNOVATE

# State & Local Policies

Developing Lending and Entrepreneurship Support for Immigrant Entrepreneurs through Public-private Partnerships





# Developing Lending and Entrepreneurship Support for Immigrant Entrepreneurs through Public-private Partnerships

## Policy

City government develops lending and entrepreneurship supports for immigrant entrepreneurs by partnering with nonprofit provider when unable to build new programs or hire additional municipal staff.

## Where it's working

- City of Baltimore

## Players

- City of Baltimore, Mayor's Office of Immigrant and Multicultural Affairs
- Latino Economic Development Center

## What does it mean?

Across the country, local leaders are redesigning government, nonprofit, and private sector programs to better integrate immigrant entrepreneurs and others with potential to start small businesses and help grow local economies. This “Idea” captures a smaller, more manageable step to building an ecosystem of inclusive entrepreneurship support through lower-cost, intermediate actions for expanding small business resources for immigrant entrepreneurs.

Recognizing that the City of Baltimore has aspirations to attract and retain immigrants as catalysts for economic growth and community revitalization, the Mayor’s Office created a New Americans Task Force to better champion immigrant integration and inclusion. The Task Force generated a report, *The Role of Immigrants in Growing Baltimore: Recommendations to Retain and Attract New Americans*, that sketches out the contributions of immigrants to the Baltimore area and makes 32 recommendations to improve the way the City and other key players support immigrant inclusion and integration into the social, cultural, and economic fabric of the city. These recommendations are grouped into six categories: workforce development, small business development, housing, welcoming and diversity, safety, and youth. They also include a recommendation that led to the development of the Mayor’s Office of Immigrant and Multicultural Affairs (MIMA).

In the small business development section of the report, the New Americans Task Force recommended the expansion of lending options for low-income immigrant entrepreneurs. While the city was already administering the BaltimoreMICRO Revolving Loan Fund Program, it required documentation of a resident’s legal status, as well as a credit score of 610, leaving many ineligible and without another avenue to access capital. MIMA, tasked with coordinating the implementation of the recommendations within the report, considered several alternative strategies. Without resources in the City’s budget dedicating to creating a new loan fund, MIMA exercised its own entrepreneurial muscle to come up with an innovative solution.

MIMA recruited the Latino Economic Development Corporation, a Community Development Financial Institution (CDFI) with more than 20 years of experience supporting immigrant and minority entrepreneurs in Washington, DC to expand its services to Baltimore. At the time, Latino Economic Development Corporation was considering expansion and was encouraged by the opportunity to partner with MIMA in its efforts to support immigrant and other low-income entrepreneurs in Baltimore. The City provided seed funding and in-kind space and encouraged local foundations and financial institutions to support Latino Economic Development Corporation. This partnership helped MIMA expand business resource offerings in Baltimore and filled an unmet need for immigrant entrepreneurs without requiring the creation of a new lending pool or expanding city staff positions or budgets. Together, they filled a critical void in Baltimore's entrepreneurship support ecosystem by providing new, accessible lending options to meet the needs of immigrant entrepreneurs with one-on-one technical assistance for borrowers and credit building assistance, among other services.

While the partnership between MIMA and Latino Economic Development Corporation was a natural fit, it took time for Latino Economic Development Corporation to grow in this new market. In two years, they have grown from a part-time staff of lending officers to a team of two full-time employees, in addition that have the support of Latino Economic Development Corporation's existing infrastructure. During this time, MIMA connected Latino Economic Development Corporation to local foundations and banks to advocate for funding and other resources to help build the capacity of Latino Economic Development Corporation to scale its services in Baltimore. The partnership between MIMA and Latino Economic Development Corporation ensures a pipeline of connectivity in which applicants who come to the city for the BaltimoreMICRO Revolving Loan Fund Program, but are deemed ineligible, are encouraged to meet with the staff at Latino Economic Development Corporation for other lending opportunities.

## Why does it matter?

When immigrant entrepreneurs are included in small business development priorities and strategies, these programs, rather than championing only a portion of the population, begin to strengthen a larger, more complete team of talented, local entrepreneurs to spur economic growth.

While immigrants are twice as likely to start small businesses than the U.S. born, they disproportionately face challenges (e.g., limited business planning experience, insufficient access to capital, and inadequate information about regulations) that result in early closures. Although immigrant-founded firms close faster than their native-founded counterparts, the ones that survive experience faster growth rates. This suggests that many immigrant entrepreneurs have unmet needs and great potential for growth.

Culturally competent and linguistically accessible entrepreneurship programs can be costly. The work of Latino Economic Development Corporation and MIMA represents an innovative partnership that leverages existing resources to expand the support of immigrant and minority entrepreneurs in Baltimore. Building collaboration between government agencies and nonprofit organizations can be an important step to setting and expanding an economic development agenda that is inclusive of immigrant entrepreneurs.

## Resources for Action

The Ewing Marion Kauffman Foundation, “**Guidelines for Local and State Governments to Promote Entrepreneurship (2015)**” outlines workable steps for local and state government to better support immigrant entrepreneurs and local entrepreneurship.

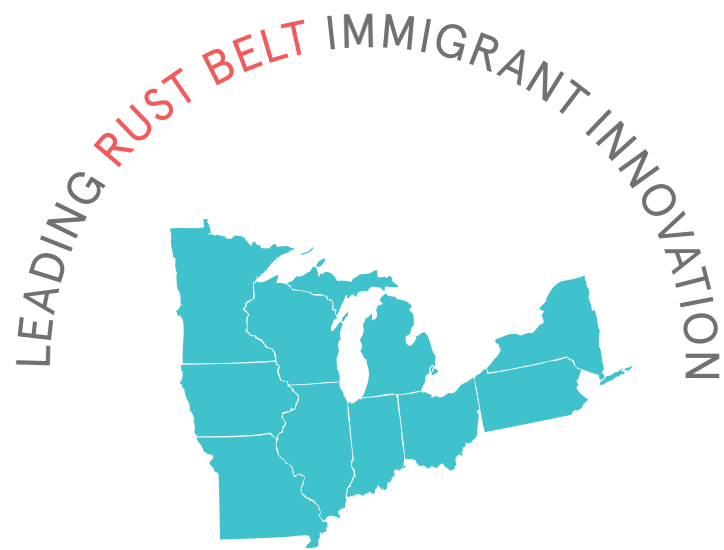
[www.kauffman.org/~media/kauffman\\_org/research%20reports%20and%20covers/2015/03/government\\_guideline\\_report.pdf](http://www.kauffman.org/~media/kauffman_org/research%20reports%20and%20covers/2015/03/government_guideline_report.pdf) ↗

Fiscal Policy Institute and Americas Society/Council of the Americas, “**Bringing Vitality to Main Street, How Immigrant Small Businesses Help Local Economies Grow (2015)**” shows that immigrants play an outsize role in Main Street businesses that are key to neighborhood growth and vitality. This is the first time data is available on mainstreet immigrant entrepreneurship, the bread and butter of local U.S. economies.

[www.as-coa.org/sites/default/files/ImmigrantBusinessReport.pdf](http://www.as-coa.org/sites/default/files/ImmigrantBusinessReport.pdf) ↗

Produced by Welcoming America with Global Detroit, “**Seeds of Growth: Building Your Local Economy by Supporting Immigrant Entrepreneurs**” is a tool that describes best practices and practical ways to leverage the opportunities that exist when you include immigrant entrepreneurs in local economic development strategies and programs.

[www.welcomingamerica.org/sites/default/files/SeedsofGrowth\\_FINAL\\_web.pdf](http://www.welcomingamerica.org/sites/default/files/SeedsofGrowth_FINAL_web.pdf) ↗



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