



Table 2. Suggested Practices and Policies for Developing, Growing, and Broadening Access to Capital

Solutions	Federal	State/Local	Private Sector
Expand access to funding that could enhance the stability of small and micro businesses in underserved areas and improve the opportunity for those businesses to reach scale and strengthen their financial resilience.	X	X	X
Increase investment in small and micro businesses in underserved areas (e.g., by making loans based on other factors than appraised value of a property in a formerly redlined area, or by supporting equity-oriented CDFIs with startup funds that provide below-market loans and free or reduced-fee technical assistance to entrepreneurs of color).	X	X	X
Encourage traditional lenders to adopt and implement internal diversity and inclusion policies.	X	X	X
Encourage federal and state agencies to mitigate risks by backing loans made by CDFIs and micro lenders with tax credits.	X	X	X
Advocate for more funding from federal and state government programs for loans and grants to small businesses owned by BIPOC and women and encourage public-private investment partnerships. This could be through the Community Reinvestment Act (CRA).	X	X	X
State and federal government agencies should award grants to organizations to provide business counseling and entrepreneurial development training to formerly incarcerated citizens returning to work.	X	X	

Encourage the use of CDBG funds at the local level to support micro enterprises.	X	X	
Automate the funding for CDFIs by creating a targeted fund (e.g., CDFI Crisis Fund Act, U.S. Senate Bill 4430 of 2020) that would be replenished annually and kick in if unemployment levels hit certain thresholds or if a natural disaster strikes.	X		
Provide more capital for CDFI lending (e.g., through the purchase of CDFI loans by the Federal Reserve).	X		
Equity match requirements should recognize non-traditional sources (e.g., family and peer lending letters).		X	X
Provide leadership support and structures to advance racial equity within the banking and finance industry.		X	X
Gather data on needs and behaviors of small and micro businesses in underserved areas.		X	X
Educate small and micro business owners about credit scores, savings approaches, budgeting, and other key prerequisites to asset-building with a culturally responsive lens.		X	X
Encourage traditional lenders to adjust banking products and services to eliminate exclusionary practices, implicit biases, and other barriers for markets of color.			X
Encourage traditional lenders to use non-traditional methods to identify credit worthiness that eliminate bias.			X
Establish mutually beneficial partnerships between traditional lenders and organizations of color.			X