### Key Tasks/Roles

#### Being intentional: Non-extractive financing
- Identify small businesses whose needs are not being met by traditional loan products.
- Identify opportunities for cooperative business formation and conversions and their capital, capacity-building, and technical assistance needs.

#### Identifying and engaging planning and implementation partners
- Identify and convene established coop lenders and developers, along with CDFIs and small business technical assistance providers.
- Work with small businesses and coops to develop principles to guide investments and lending practices that will meet their credit needs.

#### Identifying and addressing barriers to access
- Identify community partners with the relationships and linguistic and cultural competencies to lead outreach to potential borrowers and provide additional technical assistance and capacity building.
- Promote collaboration and peer support between partners and small businesses.
- Create opportunities for community partners and small businesses to be involved in lending decisions.

#### Identifying and addressing capacity needs for deployment: Technical assistance and capacity building are risk mitigants and help ensure long-term small business success.
- Channel public funding to support nonprofit partners providing legal services, technical assistance (TA), and capacity building.
- Build internal local government capacity to provide loans and TA to cooperatives.
- Identify policy opportunities to expand markets for coop and small business services, including through procurement.
- In addition to loan capital, direct private grant funding to non-extractive lenders to sustain operations.
- Work with higher learning institutions on developing course(s) focusing on non-extractive financing concepts to help expand these models.

### Potential Partners

- BIPOC-owned small businesses (including established cooperatives), cooperative lenders and cooperative developers, community-based organizations
- Cooperative developers and lenders, small businesses (including established cooperatives), small business associations, small business centers, technical assistance providers, government agencies
- Community-based organizations, small businesses and coops, small business associations, small business centers, local government agencies
- Community-based organizations, technical assistance providers, local government agencies, small business centers
- Cities can also provide support for cooperative capacity building by providing funding to partners and strengthening their small business services and their loans/grants to coops. Cities like New York and Boston have taken steps to support worker coops by providing city funding to expand technical assistance, legal services, and other support. Historically, cooperatives have also been strong in rural areas, particularly credit unions and agricultural and purchaser cooperatives, which allow farmers to pool their resources for supplies as well as marketing and transport of the goods they produce, to reach economies of scale. The USDA Rural Development Cooperative Services program offers information, assistance, and financing to rural cooperatives.

### Variation Among Places

- Areas without established cooperative lenders or infrastructure can benefit from connecting to national or regional lenders to assess potential partnerships. The Seed Commons non-extractive loan fund network pools capital and grant resources for local deployment through its local member organizations. Some Seed Commons borrowers have gone on to launch their own cooperative CDFIs. For example, after receiving financing from Seed Commons to convert from conventional to worker ownership and purchase new equipment to expand operations, founders of the Rock Steady farm in Hudson Valley, NY, went on to found Co-op Hudson Valley, a non-extractive loan fund and CDFI that is a now a lending member of Seed Commons.
- Seed Commons loans do not require personal guarantees, credit scores, or collateral. Borrowers do not have to start repaying the loans until their business is profitable, and Seed Commons structures its loan terms to ensure that at least 50% of the borrowers’ profits remain with the business, in order to promote community wealth building. Risk is mitigated through rigorous business plan evaluation, technical assistance, and capacity building for Seed Commons’ borrowers.

### Potential Partners

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### ACCESS TO CAPITAL IMPLEMENTATION GUIDES

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### STRATEGY
**Invest in non-extractive finance to support BIPOC entrepreneurship and employee ownership**

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<th>Functions/Roles</th>
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<td>Setting up a monitoring process with accountability mechanisms</td>
<td>Work with community partners to identify metrics to track that loans are aligned with established principles and reaching borrowers most in need.</td>
<td>Non-extractive lenders, community-based organizations, technical assistance providers, local government agencies</td>
<td>In addition to tracking total assets, loans made, and cooperatives and jobs created, Seed Commons tracks the percentage of its loans to BIPOC-owned businesses, as well as how much of its portfolio is invested in BIPOC communities.</td>
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