



The Need: Entrepreneurship has been a route to prosperity and success for immigrants across the United States and in Minnesota. Today, small businesses continue to drive our economy and create two-thirds of new jobs nationally, from only 44 percent of economic activity (2019 SBA report). Their job creation roles are particularly vital in immigrant communities where language and formal education barriers lock many individuals out of the wider job market. Although the target population is distinguished by the pervasiveness of the entrepreneurial spirit, this potential is limited by one factor: lack of access to loans. Dr. Corrie's study cited that access to loans is the main obstacle that stands in the way of business ownership and dreams for financial security. According to this study, nearly 67% of African immigrants lack access to loan funds. Dr. Myers of the University of Minnesota reports that people of color suffer [widespread and significant discrimination](#) in lending. What is worrisome is that 98% of who were surveyed said have checking and saving accounts at traditional banks and they are still having difficulty in accessing loan.

These small businesses create and retain jobs, strengthening the local economy. Small business is, and has historically been, a common route to prosperity for immigrants to the U.S. Of all American companies, 78.4% have less than 10 employees; if the non-employer (self-employed) are added, these smallest businesses represent 96% % of US businesses (SBE – 2018 data). In 2019, businesses with fewer than 20 employees created 69% of all new jobs (SBA).

The job creation roles of small businesses are particularly vital in immigrant communities where language and formal education barriers lock many individuals out of the wider job market. Immigrant business owners and employees generate social capital as informal interpreters and community leaders. Immigrant businesses face the challenges all business owners of color face: discrimination, endless micro-aggressions, and lack of access to capital. For immigrant businesses there are language and cultural barriers.

AEDS Solution: African Economic Development Solutions (AEDS) has created a successful vehicle for harnessing African immigrants' entrepreneurial spirit to create jobs and avenues out of poverty. AEDS is building revolving loan fund to help African immigrant access loan fund. AEDS provides business development training, 1:1 coaching, lending, and marketing support to help immigrant businesses launch, grow, and thrive and spur economic activity in African immigrant community in Minnesota.

Revolving Loan Fund

AEDS is seeking \$10 million dollars to build revolving loan fund that will help African immigrant access loan fund and \$1M capacity building to provide technical assistance. While many individuals from the various African immigrant communities are beginning to increasingly establish themselves in business, large sections of our target population face pervasive economic disparities and inequities. African immigrants also face multiple barriers to effectively engage in business development. First and foremost, lack of access to loan fund remain primary challenge and cultural specific technical assistance is another challenge for African immigrant business owners. To respond to this issue, in 2016, AEDS started a campaign for revolving loan fund. In 2018, AEDS received its CDFI certification and in 2022 we became SBA micro lender. We have an aggregate loan fund of \$4.2M. From this loan fund, over \$4M has been deployed and we need more funding to support African immigrants. Our loan default rate is under 2%.