

Microenterprise loans create hope for unlikely entrepreneurs

Microenterprises are taking root all around the Pacific Northwest, as low-income people look to entrepreneurship as a potential path out of poverty.

These individuals take what they know how to do, whether it's repairing bikes or cooking or farming, and use it to fuel tiny yet focused businesses. Each time one succeeds, it proves that entrepreneurship is an anti-poverty strategy we shouldn't overlook.

In developing countries, charitable organizations have long funded microenterprise as a way to help people improve their economic security, get on their feet and make a living. Here in the United States, it's a newer concept. Traditionally, Americans who wanted to start a business had to go to a bank and take out a loan. That's not an option for those with no collateral, spotty credit histories or lack of business know-how.

It often doesn't take much to get a microenterprise off the ground — we've seen a self-taught cook start a food truck for \$6,000,

a bilingual couple turn their translation gigs into a full-fledged business for \$5,000, and a woman who cleaned houses obtain her business license and expand her client base for only a couple hundred dollars.

Because running a business often requires a specialized education and startup cash, we tend to think entrepreneurship isn't for those in low-income groups. We need to adjust that mindset. Entrepreneurship knows no class — it's an instinctive gift that some people just naturally possess. By fostering the entrepreneurial spirit within a person, we can help them get on the road to self-sufficiency and move away from poverty.

Unfortunately, securing reasonably priced credit continues to be a serious barrier for low-income individuals who want



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to start businesses. Loan amounts for microenterprises are usually very modest, and few lenders will extend such a small sum. As if that weren't enough, those who need these loans most often fall into the "high risk" category that banks don't lend to.

Mercy Corps Northwest is a rare organization that provides microloans to entrepreneurs in Washington and Oregon who are turned down by traditional lenders. Its approach is a model for commercial lenders in the region.

The typical business survival rate for its clients is about 88 percent, and its default rate is low, about 6 percent. These successes are due to the organization's commitment to providing educational resources, restructuring the loans based on personal factors

and working to customize payment plans for the individuals.

Portland-based Hacienda CDC is working on an ambitious project to foster Latino-run microenterprises in a single market. Scheduled to open in 2014, the Portland Mercado is a launching pad for new entrepreneurs, where they can build client bases and learn to run a business. Aspiring entrepreneurs have already been flooding the organization with interest about joining in the market.

Microenterprise gives hard-working people a chance to improve their credit, build their own business and contribute to a vibrant local economy. We need to encourage these entrepreneurs to keep believing in themselves and trust that there are opportunities for their talents.

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