

GROWING MICHIGAN'S GOOD FOOD FUTURE



An Evaluation of the Michigan Good Food Fund 2015-2019





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Businesses featured on the front and back covers:

Front

- Sweet Potato Delights (Left)
- Forty Acres Soul Kitchen (Right)

Back

- Torti Taco (Left)
- Sisters On A Roll (Right)

ABOUT THIS REPORT

This report details the Michigan Good Food Fund's social and economic impacts through fall 2019, as well as key findings and lessons learned through the developmental evaluation.

ACKNOWLEDGMENTS

This evaluation has been a collaborative effort and would not have been possible without the support of the Michigan Good Food Fund partners and community leaders whose commitment to increasing healthy food access and creating equitable processes continues to strengthen Michigan food systems. We are also grateful to the W.K. Kellogg Foundation and Capital Impact Partners, whose financial support and commitment to evaluation and learning made this work possible.

We would also like to acknowledge Sallie Yoshida and Jeremiah Garza of the Sarah Samuels Center for Public Health Research and Evaluation; Allison Karpyn; and Karen Glanz for their partnership during the early stages of the evaluation. Also, a special thanks to Mary Donnell and Olivia Rebanal at Capital Impact Partners for their continued guidance and support throughout the evaluation.

Finally, we would like to thank the entrepreneurs and operators who supported the evaluation by completing Social and Economic Impact Surveys and sharing perspectives on their interactions with the Michigan Good Food Fund.



FOREWORD

AUGUST 2020

For more than four decades, Capital Impact Partners—a nonprofit, national Community Development Financial Institution (CDFI)—has provided financing and capacity-building programs to advance racial and economic justice by facilitating access to quality health care and education, healthy foods, affordable housing, and economic opportunities.

Capital Impact Partners has emerged as one of the leading CDFIs in the healthy foods movement, having secured \$20 million in key federal grants through the CDFI Fund Healthy Food Financing Initiative over the past decade. We have leveraged these awards to deploy \$185 million to 88 food enterprise locations that serve over 1.1 million people across the country. In addition to creating access to healthy and affordable food in areas that have been subjected to systemic disinvestment, this work also creates jobs and economic opportunities in communities.

In 2011, we became the first fund administrator for the California FreshWorks Fund, bringing financing to grocers, community markets, food distributors, nonprofits, commercial developers, and others seeking to expand access to healthy food in California's low-income communities. In our five years of overseeing this initiative, we deployed \$60 million to healthy food projects, including 16 grocery stores. These investments spurred more than 100,000 square feet of retail space development, created or retained more than 1,200 jobs, and increased access to healthy food for 730,000 people.

As a learning organization, we drew upon our prior experience through the FreshWorks Fund and our other efforts to guide the evolution of our healthy food financing initiatives. This manifested itself in the Michigan Good Food Fund (MGFF), also designed to respond to needs identified by stakeholders to advance the goals of the Michigan Good Food Charter. We launched this collaboration in 2015 with the W.K. Kellogg Foundation, Michigan State University Center for Regional Food Systems, and the Fair Food Network.

Through this first-of-its-kind initiative, the MGFF created an ecosystem of financial and technical assistance products and programs to build a more inclusive food system throughout the state. This included support to food enterprises along the value chain, reflecting a commitment to increasing healthy food access while also creating economic opportunity—both of which have long been lacking in communities of color. Additionally, as an initiative with a serious commitment to racial and social equity, we collaborated with partners to create ways to center, advance, and operationalize justice in all facets of the work, from processes to products.

We continue to learn. Involved with the MGFF since 2016, the evaluation team at Pacific Community Ventures helped us adopt a developmental evaluation approach to allow us to receive feedback as we implemented the work. Evaluation results are used to refocus and refine our initiative, celebrate our successes, and identify and examine opportunities.

We thank the MGFF partners that were instrumental in creating our unique collaborative: Detroit Development Fund, Fair Food Network, Grand Rapids Opportunities for Women, the Kresge Foundation, Max M. & Marjorie S. Fisher Foundation, Michigan State University Center for Regional Food Systems, Michigan Women Forward, Northern Initiatives, Northern Trust Bank, and the W.K. Kellogg Foundation.

As we celebrate the fifth birthday of this initiative, we invite you to glimpse into the depth of our multidimensional partnership and read about the lessons we've learned on the journey to create a more inclusive food system. We are proud to have been the inaugural fund administrator of the Michigan Good Food Fund.

In cooperation,

Lauren Counts
Senior Director, Head of National Programs

Olivia M. Rebanal
Director, Inclusive Food Systems



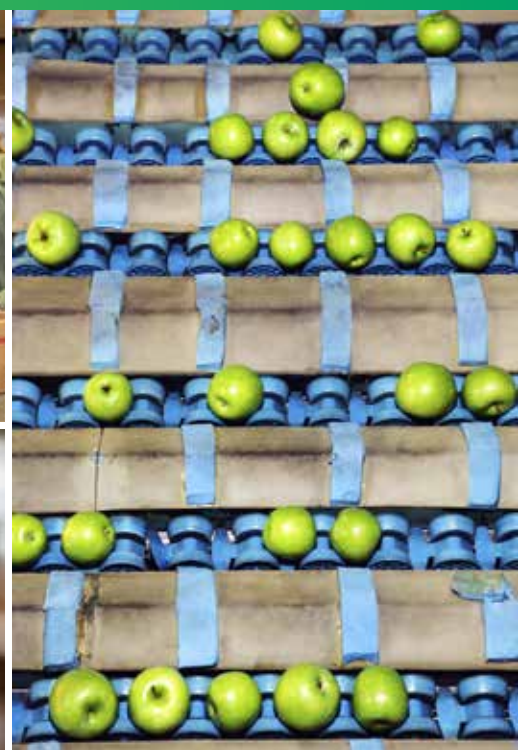
The Farmer's Hand



Mindset Meals



Ken's Fruit Market



Imperial Fresh Markets

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Zilke Vegetable Farm

EXECUTIVE SUMMARY

Launched in 2015, the Michigan Good Food Fund (MGFF) is a \$30 million public-private partnership loan fund that serves good food enterprises. The program aims to strengthen underserved communities across Michigan by increasing healthy food access, economic development, racial and social equity, environmental stewardship, and local sourcing. To accomplish these objectives, the MGFF brings together a diverse set of technical assistance providers and financial intermediaries to support good food enterprises across Michigan through technical assistance, grants made as Catalytic Investment Awards, and loans. The MGFF's model represents an innovative approach to healthy food financing in its reliance on a network of technical assistance providers and lenders, its focus on supporting good food enterprises across the food value chain, and its commitment to racial and social equity.

As of fall 2019, the MGFF had served 179 businesses through technical assistance, Catalytic Investment Awards, and loans. One hundred forty-nine (149) businesses had received MGFF technical assistance, 26 businesses received MGFF Catalytic Investment Awards totaling \$885,000, and 31 businesses received MGFF loans totaling \$12,063,200.¹ The program's support has strengthened these businesses' capacity, fostering more sustainable, inclusive food systems and economies across Michigan.

In pioneering a new approach to healthy food financing, the Michigan Good Food Fund has produced learnings for practitioners across the industry.

¹For additional details on the social and economic impacts of MGFF-supported businesses, please see Appendix B.

SUPPORTING GOOD FOOD ENTERPRISES ACROSS THE FOOD VALUE CHAIN

Comprehensive technical assistance offerings and the ability to leverage a wide range of financial products through a network of lenders have enabled the MGFF to support good food enterprises across the food value chain.

WHAT IS A VALUE CHAIN?

A value chain is a set of activities by which a system adds value to products. A food value chain encompasses a variety of activities—including growing, producing, aggregating, processing, distributing, grocery retail, and food service—to bring food products to consumers.

| TOPIC | KEY FINDING | LESSON FOR THE FIELD |
|------------------------------------|--|--|
| Comprehensive Technical Assistance | Technical assistance has enabled the MGFF to serve good food enterprises across the value chain. | Technical assistance is an essential tool for building the capacity of good food enterprises, particularly growers/producers and processors. |
| Comprehensive Financial Products | Offering a broad range of financial products has allowed the MGFF to finance a diverse set of businesses. | When targeting good food enterprises across the value chain, provide a wide range of financial products to meet the needs of non-retail businesses seeking smaller loans. |
| Outreach | Intentional outreach and pipeline development efforts have allowed the MGFF to reach good food enterprises such as growers/producers and processors that have not historically sought financing from Healthy Food Financing Initiatives (HFFIs) like the MGFF. | Invest in dedicated staffing and outreach to connect with good food enterprises (growers/producers and processors). |
| Impact on Healthy Food Access | Comprehensive support along the value chain increases healthy food access where it is needed most. | Develop a program that offers technical assistance designed for good food enterprises across the value chain to increase healthy food access in the communities that need it most. |

By supporting growers/producers, processors, food service businesses, and retailers through technical assistance, Catalytic Investment Awards, and loans, the MGFF is strengthening local food systems across Michigan. MGFF businesses are increasing healthy food access by offering healthy food on their menus, supporting the consumption of healthy food, and ensuring that the foods they offer are affordable for low-to-moderate-income populations.² In addition, MGFF businesses are sourcing locally and promoting the consumption of Michigan-grown foods.

² 2019 MGFF Social and Economic Impact Survey.

SERVING ENTREPRENEURS OF COLOR

Intentional outreach through personal relationships, comprehensive technical assistance offerings, Catalytic Investment Award offerings, and the expansion of the program's network of financial intermediaries has enabled the MGFF to build the capacity of food entrepreneurs of color.



| TOPIC | KEY FINDING | LESSON FOR THE FIELD |
|------------------------------------|---|---|
| Outreach | The MGFF has reached entrepreneurs of color by a strong on-the-ground presence in priority communities. ³ | Identify priority communities and develop a strong on-the-ground presence, through staff members and partnerships, to build trust and connect with entrepreneurs of color. |
| Comprehensive Technical Assistance | The MGFF has used technical assistance to build the capacity of early-stage businesses owned by entrepreneurs of color who may not yet be ready for financing. | Offer broad-reach and one-on-one technical assistance to build awareness among, strengthen relationships with, and build the capacity of entrepreneurs of color. |
| Catalytic Investment Awards | Grants made as Catalytic Investment Awards have been increasingly used to support food entrepreneurs of color who have experienced systemic financial discrimination. | Consider offering grants to build the capacity of early-stage businesses owned by entrepreneurs of color who may not be ready for debt financing. |
| Expansion of Partnership | The MGFF enhanced its ability to finance businesses owned by entrepreneurs of color by developing partnerships with new financial intermediaries. | Account for business stage when considering the capital needs of targeted businesses; consider developing relationships with new financial intermediaries when network and financing gaps are identified. |

The MGFF believes that a way to address the longstanding racial wealth gap is through ownership and other economic opportunities for people of color; the organization also believes that the food economy is a prime opportunity for participation and prosperity for those who have been historically excluded. While the MGFF's work alone will not eliminate the state's racial wealth gap, people of color own more than half of the businesses benefiting from the program's support, even though only 19% of the state's businesses are owned by people of color. The MGFF is committed to continue advancing more economic and wealth-creating opportunities for people of color within the food economy.

³ The MGFF uses a Priority Communities strategy to build a strong on-the-ground presence in communities it seeks to serve. The MGFF's priority communities are Battle Creek, Detroit, Flint, and Grand Rapids.

BUILDING A STRONG PARTNERSHIP

Developing and adapting the partnership in response to community need, investing in strong internal coordination and client management, and connecting with the broader Michigan healthy food community have enabled the MGFF partners to uniquely serve good food entrepreneurs.



| TOPIC | KEY FINDING | LESSON FOR THE FIELD |
|--------------------------------|--|---|
| Identifying the Right Partners | The MGFF's design and adaptation in response to community need have enabled the program to serve businesses not previously supported by HFFIs. | Select partners and expand partnerships in response to community needs/ecosystem gaps and emerging learnings throughout the program's life. |
| Fostering Collaboration | The MGFF's strong internal coordination and intentional client management have enabled the program to effectively foster collaboration among diverse partners. | Implement robust data systems, regular check-ins, and intentional client management processes from the outset to build an effective partnership. |
| Ecosystem Effects | The MGFF helps businesses build strong connections across the Michigan healthy food community. | Use technical assistance events and engagements not only to connect business owners to programmatic resources, but also to each other and external resources (e.g., grants and expertise) to strengthen the regional food system. |
| Impact of Holistic Support | The MGFF's comprehensive offerings improve business outcomes. | Offer strategically aligned grants and technical assistance to build the capacity of the businesses the program seeks to serve. |

The MGFF's support network strengthens the capacity of good food enterprises, including those outside the retail sector and owned by entrepreneurs of color, and business owners receiving multiple forms of support are especially likely to indicate that the MGFF's support helped them to achieve outcomes that they would not have been able to reach otherwise.



Placita Olvera

INTRODUCTION

Food insecurity is pervasive throughout Michigan and disproportionately affects communities of color. Across the state, more than 1.8 million residents—including 300,000 children—lack access to the nutritious fruits and vegetables they need to thrive.⁴ The poor nutrition resulting from inadequate access to healthy food often leads to chronic conditions, and Michigan's 30% obesity rate indicates a need for increased access to healthy food.

Many Michiganders experience economic challenges along with food insecurity. Nearly 32% of Michigan's working families live below 200% of the poverty line.⁵ Furthermore, the state's 2019 unemployment rate of 4.8% indicates inadequate access to employment opportunities.⁶

The Michigan Good Food Fund (MGFF) was conceived not only to increase access to healthy food in underserved communities, but also to spark economic development and job creation in the communities that need it most.

⁴ What is the MGFF? <http://migoodfoodfund.org/about/>. April 2020.

⁵ Spotlight on Poverty and Opportunity. Michigan. April 2020.

⁶ Ibid.

MICHIGAN GOOD FOOD FUND



Created in 2015, the MGFF is a \$30 million public-private partnership loan fund that serves good food enterprises. The program aims to strengthen underserved communities across Michigan by increasing healthy food access, economic development, racial and social equity, environmental stewardship, and local sourcing. Unlike other healthy food financing efforts that primarily focus on retail grocery, the MGFF is committed to supporting projects across Michigan's food value chain, including production, processing, distribution, and retail projects that increase access to "good food," meaning food that is healthy, green, fair, and affordable. The MGFF is a first-of-its-kind effort working to create financial and social impact throughout the food value chain.

IS MICHIGAN GOOD FOOD FUND A FUND?

No, the MGFF is not a structured fund. It is a network of technical assistance providers and financial intermediaries. Each financial intermediary receives funding for operational support and lending capital from the MGFF that they then deploy using their organization's underwriting processes and MGFF's mission criteria.

MICHIGAN GOOD FOOD FUND

OBJECTIVES



OBJECTIVE

TARGETED OUTCOMES



HEALTHY FOOD ACCESS

Increase access to healthy food as a means to increase the health of all Michigan residents



ECONOMIC DEVELOPMENT

Drive economic development and job creation to grow Michigan's economy



RACIAL AND SOCIAL EQUITY

Ensure equitable access to food, jobs, ownership, and flexible investment capital



ENVIRONMENTAL STEWARDSHIP

Encourage sustainable environmental practices



LOCAL SOURCING

Increase the sourcing and supply of locally grown and regionally produced foods

MICHIGAN GOOD FOOD FUND

FORMS OF SUPPORT



Mindset Meals

The MGFF supports production, processing, distribution, food-service, and retail-grocery businesses to increase access to healthy food, improve the health of children and families across Michigan, and spark economic development and job creation in the communities that need it most. Across Michigan, communities of color experience higher rates of diet-related diseases and poverty; thus, serving communities of color as a means to address these health and economic conditions is a focus of the MGFF. The MGFF supports good food enterprises across Michigan through a suite of services, including technical assistance, grants made as Catalytic Investment Awards, and loans.

MICHIGAN GOOD FOOD FUND PRODUCT

PRODUCT DESCRIPTION



TECHNICAL ASSISTANCE

The MGFF offers technical assistance aimed at helping entrepreneurs prepare for financing and take their businesses to the next level; partners provide broad-reach technical assistance through seminars, boot camps, and webinars, as well as one-on-one technical assistance for businesses seeking loans and with outstanding loans.



CATALYTIC INVESTMENT AWARDS

The MGFF offers a limited number of grants between \$10,000 and \$75,000 to catalyze high-impact projects, grow enterprises' capacity, and prepare businesses to secure financing.



LOANS

The MGFF offers loans from \$2,500 to \$6,000,000 for permanent working capital, inventory, equipment purchase, real estate acquisition, construction and property improvements, facility expansion or upgrades, and business process upgrades.

MICHIGAN GOOD FOOD FUND

PARTNERS

The MGFF leverages a network of technical assistance, financial intermediary, and funding partners to offer a suite of services to support a diverse set of good food enterprises across Michigan.

ROLE

ORGANIZATION(S)

**Denotes a founding partner.*

ADMINISTRATOR

- Capital Impact Partners (CIP)*

TECHNICAL ASSISTANCE PROVIDERS⁷

- Fair Food Network (FFN)*
- Michigan State University Center for Regional Food Systems (MSU CRFS)*
- Northern Initiatives (NI)

FINANCIAL INTERMEDIARIES

- Capital Impact Partners (CIP)*
- Detroit Development Fund (DDF)
- Grand Rapids Opportunities for Women (GROW)
- Michigan Women Forward (MWF)
- Northern Initiatives (NI)

FUNDERS

- Capital Impact Partners (CIP)*
- Max M. & Marjorie S. Fisher Foundation
- Northern Trust
- The Kresge Foundation
- W.K. Kellogg Foundation*

As of fall 2019, the MGFF had served 179 businesses through technical assistance, Catalytic Investment Awards, and loans. One hundred forty-nine (149) businesses had received MGFF technical assistance, 26 businesses had received 30 MGFF Catalytic Investment Awards totaling \$885,000, and 31 businesses had received 34 MGFF loans totaling \$12,062,200.⁸

⁷ FFN's focus is on grocery retail and small-batch processing, while the MSU CRFS' focus is on production, aggregation, distribution, and larger processing businesses and projects. NI also provides ongoing technical assistance to its MGFF borrowers.

⁸ For additional details on the social and economic impacts of MGFF-supported businesses, please see Appendix B.



EVALUATION

The Research and Consulting team at Pacific Community Ventures (PCV) prepared this report and has conducted a developmental evaluation of the MGFF since 2016.⁹

Throughout the developmental evaluation, PCV worked closely with the MGFF partners, serving as a thought partner as the program sought to implement its strategies. Consistent with the developmental nature of the evaluation, this report examines the program's progress in alignment with its five objectives and highlights key learnings to strengthen the MGFF's work and inform other healthy food financing efforts nationally. This report reflects activity through fall 2019, which means it does not reflect activity during the COVID-19 pandemic.

This report synthesizes findings from 21 MGFF partner and key informant interviews, as well as 19 business owner interviews—including interviews with four business owners who interacted with the MGFF but ultimately did not receive support. It also draws from the MGFF Inquiry Tracker,¹⁰ MGFF Social and Economic Impact Survey,¹¹ and the MGFF Loan Summary spreadsheets.¹² In addition, this report incorporates findings from shopper surveys, community surveys, and PhotoVoice reflections conducted in 2017.

⁹ A developmental evaluation is conducted across the life of the program to help program administrators learn in real-time and dynamically adapt their strategies.

¹⁰ The MGFF Inquiry Tracker captures information on each business with which the program has interacted. In the inquiry tracker, MGFF partners detail characteristics of any support provided (e.g., technical assistance, grant, loan) and also capture key business characteristics (e.g., sector, stage, business owner gender, business owner race, business owner ethnicity). This report utilizes the information captured in the inquiry tracker as of 10/28/19.

¹¹ The 2019 MGFF Social and Economic Impact Survey captures the program's progress in alignment with its goals of increasing healthy food access, economic development, racial and social equity, environmental stewardship, and local sourcing as of 9/31/19. The 2019 survey had a 30% response rate. For additional details on the types of information examined through the social and economic impact analysis, please see Appendix D.

¹² The MGFF Loan Summary spreadsheet captures information about each catalytic investment award and loan issued through the program.



Cooking With Que

KEY FINDINGS

The MGFF's experiences and learnings can inform the efforts of practitioners, policymakers, and others interested in healthy food financing initiatives across the nation. This section details the program's most critical lessons about supporting good food enterprises across the food value chain, serving entrepreneurs of color, and building a strong partnership.

- A SUPPORTING GOOD FOOD ENTERPRISES ACROSS THE FOOD VALUE CHAIN**
- B SERVING ENTREPRENEURS OF COLOR**
- C BUILDING A STRONG PARTNERSHIP**

KEY FINDINGS

SUPPORTING GOOD FOOD ENTERPRISES ACROSS THE FOOD VALUE CHAIN

Comprehensive technical assistance offerings and the ability to leverage a wide range of financial products through a network of lenders have enabled the MGFF to support good food enterprises across the food value chain.

Healthy Food Financing Initiatives (HFFIs) have traditionally focused on supporting grocery retail businesses in communities that lack access to healthy and affordable food and to support economic development. The MGFF expanded upon the historical focus of HFFIs to support good food enterprises across the food value chain and strengthen the regional Michigan food system. The MGFF is committed to supporting projects across Michigan's food value chain, including production, processing, distribution, and retail projects.



WHAT IS A HFFI?

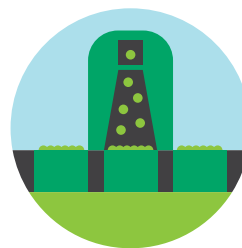
HFFIs are flexible financing programs that aim to increase investment in food enterprises in underserved communities by providing access to critical loans and grants. The U.S. Treasury's CDFI Fund established the HFFI program to encourage investments that increase healthy food access in underserved communities, and it continues to award funding to execute this work.



PRODUCTION



DISTRIBUTION



PROCESSING



RETAIL

Between the MGFF's technical assistance, Catalytic Investment Awards, and loans, the program has successfully supported good food enterprises across the food value chain. Processors, growers/producers, retailers, and food service businesses have received the greatest support, accounting for 86% of businesses served.¹³

¹³ MGFF Inquiry Tracker. Data as of 10/28/19. These statistics reflect the 98% of businesses for which sector information was available.

KEY FINDINGS

COMPREHENSIVE TECHNICAL ASSISTANCE

Technical assistance has enabled the MGFF to serve good food enterprises across the food value chain.

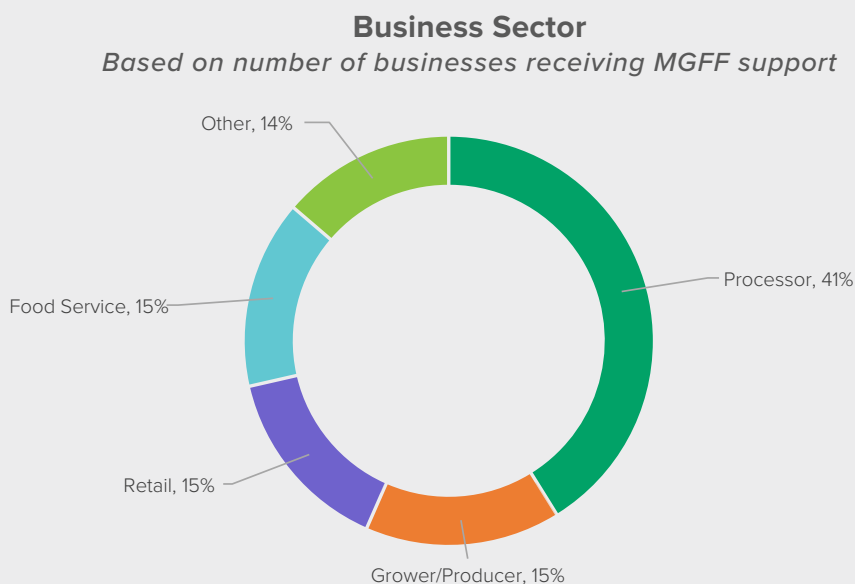
The MGFF's comprehensive technical assistance has enabled it to extend its reach across the food value chain to serve growers/producers and processors. Recognizing that processors in particular tended to be at an earlier stage in their growth and less likely to be ready for debt financing, the partners focused on building their capacity through technical assistance events like the Brand Story Accelerator. While processors account for only 16% of loan recipients, they represent 46% of all MGFF technical assistance recipients. In the year following the Brand Story Accelerator workshop, the number of loans issued to processors was more than double that of the first year of the program, indicating that technical assistance has strengthened the program's ability to finance processing businesses.¹⁴



Placita Olvera

LESSON LEARNED:

Technical assistance is an essential tool for building the capacity of good food enterprises, particularly growers/producers and processors.



Note: "Other" includes farmers' markets/farm stands, food hubs/aggregators, incubators, cooperatives, and distributors.

¹⁴ MGFF Inquiry Tracker as of 10/28/19.

KEY FINDINGS

COMPREHENSIVE FINANCIAL PRODUCTS

Offering a broad range of financial products has allowed the MGFF to finance a diverse set of businesses.

Developing the capacity to finance good food enterprises across the food value chain has required the MGFF to develop a robust network of lenders with a wide range of lending products—supermarkets, for example, have very different financing needs than growers/producers and processors. While skewed by a few very large projects, the MGFF's mean retail loan is nearly 25 times that of the MGFF's mean grower/producer loan and 16 times that of the MGFF's mean processor loan. The MGFF's network-based lending model, which enables the program to offer loans from \$2,500 to \$6,000,000, allows the program to finance a diverse set of businesses. More specifically, offering smaller loans enables the MGFF to meet the needs of growers/producers and processors.

LESSON LEARNED:

When targeting good food enterprises across the value chain, provide a wide range of financial products to meet the needs of non-retail businesses seeking smaller loans.

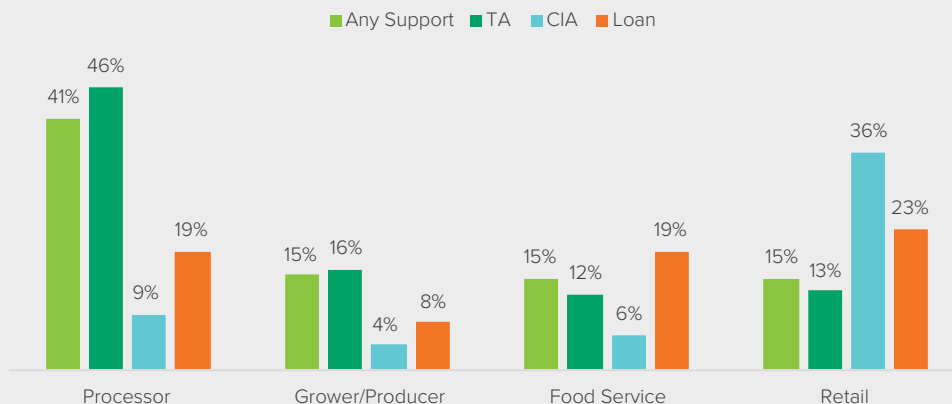


Malamiah Juice Bar



FEAST Detroit

Share of Businesses Receiving Support by Sector
By number of businesses in the top 4 sectors receiving MGFF support



Note: Technical assistance is denoted as TA, and Catalytic Investment Awards are denoted as CIA, in charts.

KEY FINDINGS

OUTREACH

Intentional outreach and pipeline development efforts have allowed the MGFF to reach growers/producers and processors that have not historically sought financing through HFFIs like the MGFF.

In a state where upwards of \$104 billion of the economy is driven by agriculture, building the capacity of growers/producers represents an important economic development strategy.¹⁵ The MGFF's experience has shown that having the right financial tools alone is insufficient; partners must complement these financial tools with intentional pipeline development efforts for underrepresented sectors. To increase lending to growers/producers, the MGFF has added new staff members and outreach strategies. To strengthen the pipeline of loan-ready growers/producers, the MGFF added a staff member with a joint appointment across the MSU Center for Regional Food Systems and the MSU Product Center. Additionally, staff increased outreach through networks and events targeting growers/producers, such as the Michigan Farm Conference, to better reach this segment of the food value chain. These efforts have proved effective; while growers/producers account for just 16% of all MGFF loans across the life of the program, they account for 40% of the program's 2019 loans through mid-fall.¹⁶

LESSON LEARNED:

Invest in dedicated staffing and outreach to connect with growers/producers and processors.



¹⁵ Michigan Department of Agriculture & Rural Development. *Michigan Agriculture Figures and Facts, 2018*.

¹⁶ MGFF Inquiry Tracker as of 10/28/19.

KEY FINDINGS

IMPACT ON HEALTHY FOOD ACCESS

Comprehensive support along the value chain increases healthy food access where it is needed most.

The MGFF's support for a diverse set of good food enterprises enables the program to increase access to healthy food to improve the health of Michigan residents. To better understand shoppers' and community members' priorities and experiences, the evaluation team conducted surveys at an MGFF supermarket in Kalamazoo. The Kalamazoo surveys below show that the supermarket is meeting shoppers' and community members' needs by offering healthy foods.

Shopper Surveys at a MGFF-Supported Grocery Store in Kalamazoo

- 81% of shoppers said that having access to healthy food was very/extremely important
- 86% of all shoppers reported having better access to healthy food since the store opened
- 65% of shoppers reported purchasing more healthy food since the supermarket opened

Community Surveys in Kalamazoo

- 82% agreed that it's easy to find fresh fruits and vegetables
- 82% agreed that it's easy to find whole-grain foods
- 67% said it's easy to find low-fat dairy foods
- 73% said it's easy to find low-fat meats

LESSON LEARNED:

Develop a program that offers technical assistance designed for good food enterprises across the value chain to increase healthy food access for communities that need it most.

The MGFF's support for food service businesses is also increasing healthy food access. Eighty-nine percent (89%) of MGFF food service businesses offer healthy foods on their menus, and 89% of all MGFF businesses actively support the consumption of healthy food.¹⁷ In addition to offering and promoting healthy foods, MGFF businesses are ensuring that the food they produce is affordable; all MGFF-supported business owners consider the foods they offer to be affordable for low-income populations.¹⁸

MGFF-supported businesses are not only increasing access to healthy food, but are also doing so in communities with inadequate healthy food access. Half of the businesses receiving MGFF support are located in low-income, low-access communities.¹⁹ These are low-income communities with limited access to full-service supermarkets.²⁰ Additionally, many businesses receiving MGFF support that are not headquartered in low-income, low-access communities focus on serving customers in these communities.

The MGFF's support for good food enterprises across the value chain also strengthens local food systems and increases the sourcing and supply of locally and regionally grown foods. On average, 73% of MGFF-supported business vendors are Michigan-based.²¹ These businesses cite sourcing from their farms, neighboring farms, community gardens, farmers' markets, local aggregators, and local distributors. Furthermore, 79% of businesses receiving MGFF support actively promote the consumption of foods from Michigan.²² One business owner noted that, by featuring local products, they are actively supporting the growth of their local economy: "We sell locally grown produce like grapes and purple peppers ... that's supporting our [local] community."²³



¹⁷ 2019 MGFF Social and Economic Impact Survey. Note: For this evaluation, healthy foods are defined as those containing/prepared from whole produce, whole grains, meat (ideally pasture-raised, grass-fed, and antibiotic-free), dairy (low-fat), healthy oils, or other Michigan-made, minimally processed/natural ingredients.

¹⁸ Ibid.

¹⁹ MGFF Inquiry Tracker. Data as of 10/28/19. This statistic reflects the 92% of businesses for which information on location in a low-income, low-access community was available.

²⁰ For additional information on the definition of a low-income, low-access community, please see Appendix A.

²¹ 2019 MGFF Social and Economic Impact Survey.

²² Ibid.

²³ 2017 PhotoVoice Reflection Kalamazoo & 2017 Shopper Survey in Kalamazoo.

KEY FINDINGS

SERVING ENTREPRENEURS OF COLOR

Intentional outreach through personal relationships, comprehensive technical assistance offerings, Catalytic Investment Award offerings, and the expansion of the program’s network of intermediaries have enabled the MGFF to build the capacity of entrepreneurs of color.

The MGFF strives to increase equitable access to food, jobs, ownership, and flexible investment capital and was one of the nation’s first programs to have an explicit focus on racial and social equity with documented goals. This section details the reflections and adaptations that have enabled the MGFF to more effectively serve entrepreneurs of color.

OUTREACH

The MGFF has reached entrepreneurs of color by a strong on-the-ground presence in priority communities.

MGFF’s dedicated outreach strategies have enabled the program to more effectively reach entrepreneurs of color. Early on in the life of the program, an MGFF partner noted that personal relationships were critical for reaching the underrepresented entrepreneurs the program seeks to serve: "You tend to have somebody who is trusted vouch for you. I think that's a big thing. It's always been my experience working with different groups ... it's more of a relationship thing, and it takes time. It takes months and months or years of work." Other core partners shared this sentiment, reiterating the importance of high-touch relationships with people on the ground in local communities, and highlighted the need to resource the program accordingly: "There needs to be a greater operational investment in the Michigan Good Food Fund to make sure that it's staffed appropriately to do that kind of work." While the MGFF partners have employed a broad range of outreach strategies—including direct outreach to good food entrepreneurs, broad-reach technical assistance events, referrals, partnerships with complementary organizations, a web presence, marketing emails, and print advertisements—the program has responded to the partners’ feedback by doubling down on personal relationships.

As the MGFF partners suspected, outreach strategies involving personal relationships have proved to be the most effective means of connecting with businesses that the program is ultimately able to serve overall and for entrepreneurs of color. MGFF partner outreach, events, and referrals have yielded relationships with businesses that have eventually received MGFF financing. By contrast, the program’s online presence, outreach emails, and print advertisements mostly have not.

| Form of Introduction | Technical Assistance | Catalytic Investment Award | Loan |
|----------------------|----------------------|----------------------------|------|
| MGFF Partner (n=70) | 27% | 17% | 33% |
| Event (n=62) | 34% | 11% | 10% |
| Other (n=56) | 15% | 39% | 43% |
| Referral (n=44) | 15% | 22% | 5% |
| Organization (n=23) | 6% | 11% | 10% |
| Web search (n=9) | 1% | 0% | 0% |
| Email (n=8) | 3% | 0% | 0% |
| Print (n=3) | 0% | 0% | 0% |
| Foundation (n=1) | 1% | 0% | 0% |

Note: 'n' indicates the number of business owners who submitted an inquiry after being introduced to the MGFF through the means noted. The conversion rate shows the share of business owners submitting inquiries who ultimately received that form of MGFF support. The sample size is too small to look at conversion rates for non-white business owners by referral source only.

Recognizing the importance of establishing strong personal relationships to cultivate a diverse pipeline, the MGFF has intentionally sought opportunities to build and strengthen relationships. The MGFF’s priority community cultivation strategy, which guides the program’s efforts to build a strong on-the-ground presence in Battle Creek, Detroit, Flint, and Grand Rapids, enabled the program to increase healthy food access and employment opportunities in communities of color.

LESSON LEARNED:

Identify priority communities and develop a strong on-the-ground presence, through staff members and partnerships, to build trust and connect with entrepreneurs of color.

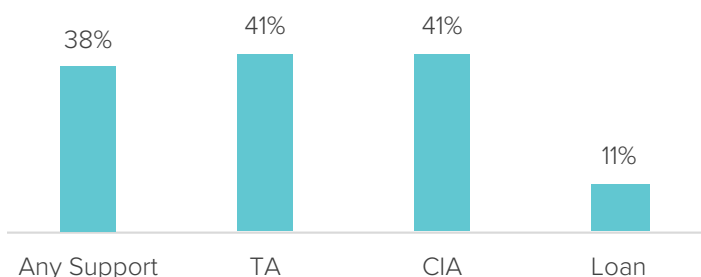
KEY FINDINGS

TECHNICAL ASSISTANCE

The MGFF has used technical assistance to build the capacity of earlier-stage businesses owned by entrepreneurs of color who may not yet be ready for financing.

For the MGFF, technical assistance has been an important tool for connecting with and supporting entrepreneurs of color, especially Black entrepreneurs. Black-owned businesses receive a greater share of their MGFF support through technical assistance.

**Black-Owned Share of
MGFF-Supported Businesses**



Providing broad-reach technical assistance through boot camps, seminars, and webinars has given MGFF partners an opportunity to raise awareness among and build relationships with entrepreneurs of color, all while helping them build the skills and knowledge they need to grow their businesses. In addition, the MGFF's one-on-one technical assistance has enabled the program to provide tailored support.

The MGFF's technical assistance includes a broad-reach strategy to grow awareness and build the pipeline, as well as one-on-one technical assistance for more intensive support. Over half of MGFF technical assistance recipients engaged with the program's broad-reach offerings: 23% participated in a boot camp, 19% attended a seminar, and 4% watched a webinar.²⁴ About two in five MGFF technical assistance recipients received one-on-one support intended for businesses seeking and receiving loans.²⁵

LESSON LEARNED:

Offer broad-reach and one-on-one technical assistance to build awareness among, strengthen relationships with, and build the capacity of entrepreneurs of color.

CATALYTIC INVESTMENT AWARDS

Grants made as Catalytic Investment Awards have been increasingly used to support food entrepreneurs of color who have experienced systemic financial discrimination.

Catalytic Investment Awards or grants have been an important tool for helping the MGFF to fill financing gaps and grow the capacity of enterprises owned by entrepreneurs of color. As of fall 2019, the MGFF had issued 26 Catalytic Investment Awards totaling \$885,000 to good food enterprises owned by entrepreneurs of color.²⁶

Sixty-nine percent (69%) of MGFF Catalytic Investment Awards had been awarded to entrepreneurs of color, while 48% of MGFF loans had been issued to entrepreneurs of color. The majority of Catalytic Investment Award recipients used their award to finance renovations or for working capital.²⁷ This has enabled these businesses to grow, building wealth and creating jobs in communities of color.

LESSON LEARNED:

Consider offering grants to build the capacity of early-stage businesses owned by entrepreneurs of color who may not be ready for debt financing.

²⁴ 2019 MGFF Social and Economic Impact Survey.

²⁵ Ibid.

²⁶ Information on business-owner race was unavailable for five of the Catalytic Investment Awards included in the inquiry tracker. Those Catalytic Investment Awards are excluded from this analysis.

²⁷ 2019 MGFF Social and Economic Impact Survey.

KEY FINDINGS

EXPANSION OF PARTNERSHIPS

The MGFF enhanced its ability to finance businesses owned by entrepreneurs of color by developing partnerships with new financial intermediaries.

Early in the life of the program, MGFF's business inquiry data revealed that Black business owners seeking support from MGFF were more likely than their white peers to receive MGFF technical assistance but less likely to receive an MGFF loan. MGFF's business inquiry tracker data showed that the Black business owners seeking MGFF support are disproportionately operating early-stage businesses. Seventy-seven percent (77%) of Black-owned businesses seeking support are classified as concept, start-up, or early growth. By comparison, this figure is 58% for white-owned businesses and 58% for Asian-owned businesses.

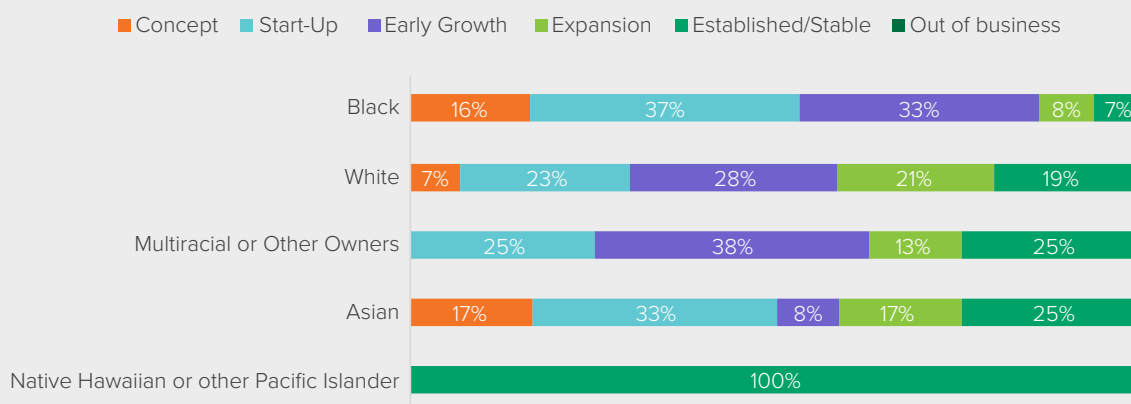
Partners noted that the program's limited ability to finance good food businesses owned by entrepreneurs of color was partially a function of the MGFF lenders and their networks. One observed, "To some degree, you're inheriting the base network of the partners. The base network of the partners is not one that networks strongly

with entrepreneurs of color."²⁸ Additionally, partners felt that the program's original suite of financial products made it challenging to lend to non-white entrepreneurs who are disproportionately operating early-stage businesses: "Programmatically, we want those early businesses, but financially, we've geared the products a little more for those later-stage businesses"²⁹ To expand the program's reach into communities of color, the MGFF brought on new financial intermediaries: Detroit Development Fund (DDF), Grand Rapids Opportunities for Women (GROW), and Michigan Women Forward (MWF). Since MWF and GROW offer smaller loans, adding them to the partnership also enabled the program to serve early-stage businesses more effectively. These relationships have helped the MGFF to make progress toward its racial and social equity goal, with 100% of loans issued through DDF and MWF going to non-white business owners.³⁰

LESSON LEARNED:

Account for business stage when considering the capital needs of targeted businesses; consider developing relationships with new financial intermediaries when network and financing gaps are identified.

Business-Owner Race and Business Stage
Based on number of businesses receiving MGFF support where $n > 10$



²⁸ 2017 Key Stakeholder Interview.

²⁹ Ibid.

³⁰ MGFF Inquiry Tracker as of 10/28/19.

KEY FINDINGS

IMPACTS ON RACIAL AND SOCIAL EQUITY

Relationship-driven pipeline development strategies, resources to support early-stage businesses, and a diverse network of financial intermediaries have enabled the MGFF to support entrepreneurs of color.

The MGFF's adaptations to better serve entrepreneurs of color have enabled the program to make progress toward its goal of increasing equitable access to food, jobs, ownership, and flexible investment capital.³¹ Fifty-six percent (56%) of MGFF businesses are owned by entrepreneurs of color, compared to just 19% of all small businesses throughout the state. As of fall 2019, MGFF had provided technical assistance to upwards of 70 businesses with non-white owners, Catalytic Investment Awards to at least 13 businesses with non-white owners, and loans to at least 13 businesses with non-white owners.³² By providing technical assistance and flexible investment capital to these businesses, the MGFF is helping to build wealth in communities of color.

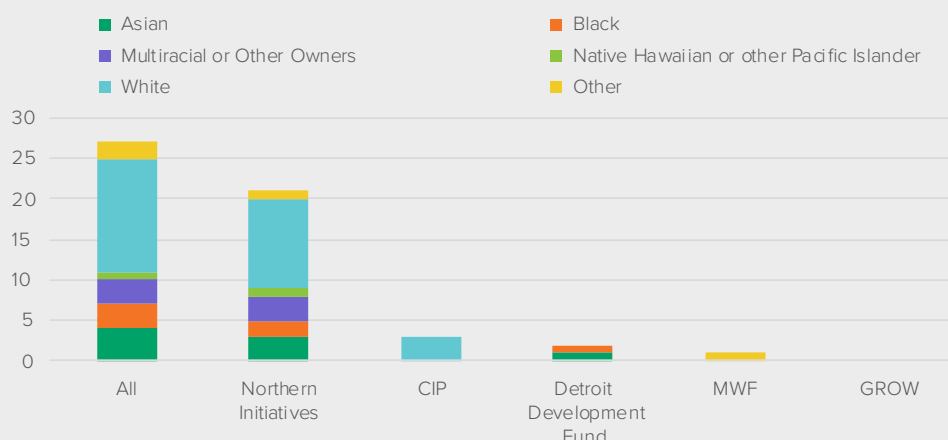


Malamiah Juice Bar

LESSON LEARNED:

To effectively support entrepreneurs of color, seek to understand their unique needs and resource the program accordingly.

Lending to Business Owners by Race
Number of Loan Recipients by Financial Intermediary



Note: This chart reflects the 27 loan recipients for which information on both business-owner race and financial intermediary was available. Middle Eastern business owners have been categorized as white per U.S. Census Bureau definitions.

³¹ While the MGFF utilizes a Priority Community cultivation strategy, the program provides technical assistance, Catalytic Investment Awards, and loans across the state of Michigan.

³² MGFF Inquiry Tracker as of 10/28/19. Information on business-owner race was unavailable for 22 technical assistance recipients, 4 Catalytic Investment Award recipients, and 7 loan recipients, so those businesses are excluded from these counts.

KEY FINDINGS

BUILDING A STRONG PARTNERSHIP

Developing and adapting the partnership in response to community need, investing in strong internal coordination and client management, and connecting with the broader Michigan healthy food community have enabled the MGFF partners to uniquely serve good food entrepreneurs.

The MGFF's commitment to developing a strong partnership across a diverse set of organizations has enabled the program to offer good food enterprises comprehensive technical assistance, Catalytic Investment Awards, and a wide range of loan products. The diversity of the program's offerings enables the MGFF to serve a wide range of businesses and to more effectively build the capacity of businesses receiving multiple forms of support.

IDENTIFYING THE RIGHT PARTNERS

The MGFF's design and adaptation in response to community need have enabled the program to support businesses not previously supported by HFFIs.

The creation of MGFF was informed by gaps identified throughout the development of the Michigan Good Food Charter. In response to community need, the MGFF not only brought together financial intermediaries with distinct geographic service areas and loan offerings, but also technical assistance partners.

The MGFF was one of the first HFFIs to provide comprehensive technical assistance offerings, which have been a critical enabler of the program's ability to deliver on its goals. In designing the program, the MGFF brought together technical assistance providers delivering complementary offerings to help the program support good food enterprises across the food value chain; FFN's technical assistance focuses on grocery retail and small-batch processors, while the MSU CRFS' technical assistance focuses on production, aggregation, distribution, and larger processing businesses. Business owners value the MGFF's technical assistance offerings immensely; 94% of technical assistance recipients responding to the Social and Economic Impact Survey said that they were likely (79%) or somewhat likely (15%) to recommend the MGFF's business assistance to a peer.³³ One business owner noted, "We've gone to their workshops, and they were excellent. There were things you could walk away and implement."³⁴

As noted above, the program's technical assistance has been especially valuable for strengthening the capacity of growers/producers and processors as well as businesses owned by entrepreneurs of color.

The MGFF's success is not only driven by the fact that the partnership was designed in response to community needs, but also by the partners' constant work to adapt MGFF's approach and offerings based on emerging findings and learnings, including those surfaced by the developmental evaluation. When the partners found that they were having limited success reaching growers and producers, the MGFF added a staff member with a joint appointment across the MSU CRFS and the MSU Product Center to better reach growers/producers and processors. After learning that the founding partners were having limited success lending to businesses owned by entrepreneurs of color, the MGFF developed relationships with new financial intermediaries that have helped the program expand outreach and lending to underrepresented groups.

LESSON LEARNED:

Select partners and expand partnerships in response to community needs/ecosystem gaps and learnings throughout the program's life.

³³ 2019 Social and Economic Impact Survey.

³⁴ 2019 Business Owner Interview.

KEY FINDINGS

FOSTERING COLLABORATION

The MGFF's strong internal coordination and intentional client management have enabled the program to effectively foster collaboration among diverse partners.

One of the MGFF's distinct strengths lies in its ability to bring together a diverse set of capacity-building organizations to offer good food enterprises holistic support. At the same time, bringing together such a diverse set of organizations requires strong internal coordination and intentional client management processes. Over the life of the program, key stakeholders have noted challenges related to handoffs among the partners, especially between technical assistance providers and lenders.

Early on in the life of the program, partners and business owners alike noted that there tended to be a lag between a technical assistance provider's introduction to an MGFF lender and that lender's follow-up. As of January 2018, it took the average business 249 days to secure a loan from the MGFF.³⁵ While this timeline reflects cases in which business owners did not provide appropriate financial documents and did not respond to follow-up in a timely manner, it suggested opportunities to streamline processes and strengthen client management practices. To increase internal coordination and improve the client experience, CIP began to facilitate weekly pipeline calls to enhance coordination among the partners.

While partners have seen improvements as a result of the weekly pipeline calls, partners note that more clearly understanding each other's loan products and loan eligibility criteria could improve internal coordination and the client experience. Technical assistance partners have expressed frustration that lending partners often do not move forward with businesses that they referred. At the same time, lenders are sometimes frustrated that the technical assistance partners sometimes introduce them to businesses that do not meet lending criteria. To address these challenges, the MGFF partners are developing concrete eligibility guidelines for MGFF lending and continuing to explore new client management strategies.



Sisters On A Roll

LESSON LEARNED:

Implement robust data systems, regular check-ins, and intentional client management processes from the outset to build an effective partnership.

³⁵ MGFF Inquiry Tracker as of 1/3/18.

KEY FINDINGS

ECOSYSTEM EFFECTS

The MGFF helps businesses build strong connections across the Michigan healthy food community.

Beyond holistic support within the MGFF, business owners appreciate the MGFF's network and the ability to connect them with industry resources and peers. When asked whether they would recommend MGFF technical assistance to a peer, the majority responded that they would recommend the MGFF's technical assistance based on the partners' deep understanding of the healthy food ecosystem and connections with relevant partners: "The partners are incredibly well connected, understand the market climate, and help small businesses understand where they fit in."³⁶ More specifically, business owners noted that connections to business partners, such as co-packers and external funders, had been especially helpful. Additionally, business owners have appreciated MGFF lenders' assistance in identifying external funding opportunities to supplement their MGFF funding. The partners plan to continue leveraging their networks to facilitate relevant connections and are also eager to share the MSU CRFS primer on funding sources for food-related businesses to help business owners more



effectively navigate the available resources.³⁷ Business owners have also appreciated the program's ability to connect them with their peers. Early on in the life of the program, business owners sought for the program to facilitate peer-to-peer connections: "I would like the MGFF to connect me with other small business owners because we face many of the same challenges and can learn from one another."³⁸ Recognizing that strengthening connections between small business owners would enable them to share knowledge and experiences, in addition to developing valuable business relationships, MGFF technical assistance providers have developed ecosystem-building events designed to strengthen connections between good food entrepreneurs. Business owners are embracing opportunities to connect with peers; one business noted that "MGFF events give us a platform to connect with like-minded food vendors."³⁹ To continue strengthening relationships across the industry and supporting peer-to-peer learning, the MGFF partners will continue facilitating ecosystem-building technical assistance events and will encourage peer mentorship.

Ecosystem-Building Technical Assistance Events

- Peer-to-Peer Sessions: Sharing Food Business Solutions
- Battle Creek Food Mixer
- Culinary Conversations

LESSON LEARNED:

Use technical assistance events and engagements not only to connect business owners to programmatic resources, but also to each other and to external resources (e.g., grants and expertise) to strengthen the regional food system.

³⁶ 2019 Social and Economic Impact Survey.

³⁷ 2019 Business Owner Interview.

³⁸ 2018 MGFF Social and Economic Impact Survey (MGFF technical assistance Recipient Feedback).

³⁹ Ibid.

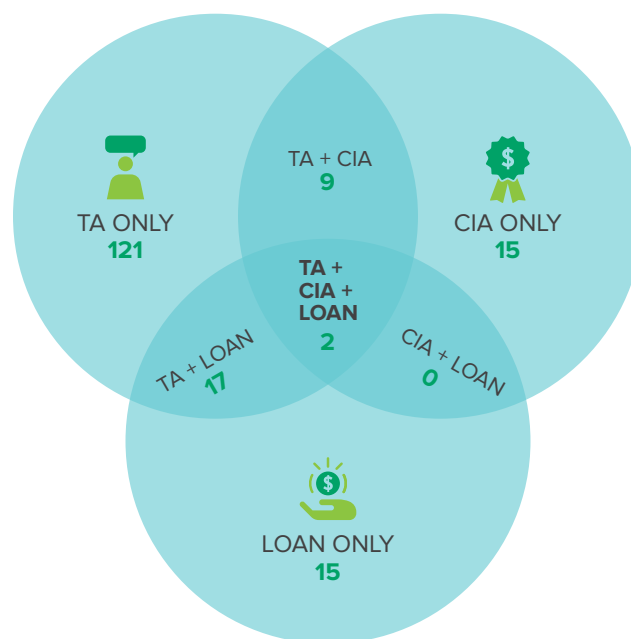
KEY FINDINGS

IMPACT OF HOLISTIC SUPPORT

The MGFF's comprehensive offerings improve business outcomes.

As a collaborative network offering diverse resources to support good food businesses holistically, the MGFF has provided several businesses with multiple forms of support. Two businesses received MGFF technical assistance, a MGFF Catalytic Investment Award, and an MGFF loan. Furthermore, 17 businesses benefited from MGFF technical assistance and an MGFF loan, and another 9 businesses benefited from MGFF technical assistance and MGFF Catalytic Investment Awards.

Social and economic impact survey data shows that the MGFF's holistic support through a combination of technical assistance, Catalytic Investment Awards, and loans more effectively builds the capacity of good food enterprises. Business owners who received multiple forms of MGFF support were more likely to indicate that the MGFF helped their business achieve outcomes that they could not have achieved without their support. Three-quarters of business owners receiving two forms of support agreed that the program helped their business achieve outcomes they could have not otherwise obtained. Only 41% of business owners receiving a single form of support said the same.⁴⁰



LESSON LEARNED:

Offer strategically aligned grants and technical assistance to build the capacity of businesses that the program seeks to serve.



Imperial Fresh Markets

⁴⁰ 2019 MGFF Social and Economic Impact Survey.



Sweet Potato Delights

CONCLUSION

Since 2015, the MGFF has made substantial progress in alignment with its goals by supporting businesses that are increasing healthy food access in low-income, low-access communities; creating jobs in economically distressed communities; providing opportunities to women and people of color to build wealth; implementing sustainable practices; and practicing local sourcing. In supporting the growth of these businesses through technical assistance, Catalytic Investment Awards, and loans, the MGFF has strengthened local food systems across the state.

In pioneering a new approach to healthy food financing, prioritizing a commitment to evaluation and learning, and continuously adapting the program's strategies, the MGFF has succeeded in strengthening Michigan's good food ecosystem, with a focus on greater racial inclusion within it.

Developing a comprehensive technical assistance program and bringing together a diverse set of lenders has enabled the MGFF to build the capacity of good food enterprises outside of grocery retail, including growers/producers, processors, and food service businesses. Cultivating a strong on-the-ground presence in priority communities, investing in a robust technical assistance program, issuing Catalytic Investment Awards, and expanding the network of lenders has enabled the MGFF to more effectively reach and support communities of color. Finally, iterating on strategies to increase collaboration between a diverse set of partners has enabled the MGFF to holistically support businesses and foster stronger local ecosystems. We hope that sharing the MGFF's lessons learned will help to build the capacity of HFFIs across the country and, in so doing, build more inclusive food systems nationwide.

APPENDIX

Appendix A: Overview of Activities

The MGFF's lending has remained relatively consistent across the life of the program. The MGFF began issuing Catalytic Investment Awards in 2017 and issued the majority of the program's Catalytic Investment Awards in 2018.

MGFF Activity by Year
Number of Loans/CIAs Issued



Overall, 77% of MGFF businesses that responded to the survey indicated that the program helped them achieve outcomes they could not have otherwise achieved.⁴¹

*This chart only reflects activity through October 2019. An additional \$250,000 of Catalytic Investment Awards was awarded in December 2019.

Technical Assistance

As of fall 2019, the MGFF had provided technical assistance to 149 businesses. This support included a broad-reach technical assistance strategy to grow awareness and build the pipeline, as well as one-on-one technical assistance for more intensive support. Over half of MGFF technical assistance recipients engaged with the program's broad-reach offerings: 23% participated in a boot camp, 19% attended a seminar, and 4% watched a webinar.⁴² About two in five MGFF technical assistance recipients received one-on-one support intended for businesses seeking and receiving loans.⁴³ MGFF technical assistance recipients cited a diverse set of objectives and goals for the support outlined in the following table.

| MGFF Technical Assistance Recipient Goals | Number of Technical Assistance Recipients Reporting | Share of Technical Assistance Recipients Reporting |
|---|---|--|
| Secure financing | 24 | 45% |
| Understand market | 17 | 32% |
| Increase profitability | 17 | 32% |
| Develop a business plan | 14 | 26% |
| Increase/retain sales | 14 | 26% |
| Create/retain jobs | 14 | 26% |
| Other | 11 | 21% |
| Secure real estate | 3 | 6% |

Note: Respondents were able to select more than one answer.

⁴¹ 2019 MGFF Social and Economic Impact Survey.

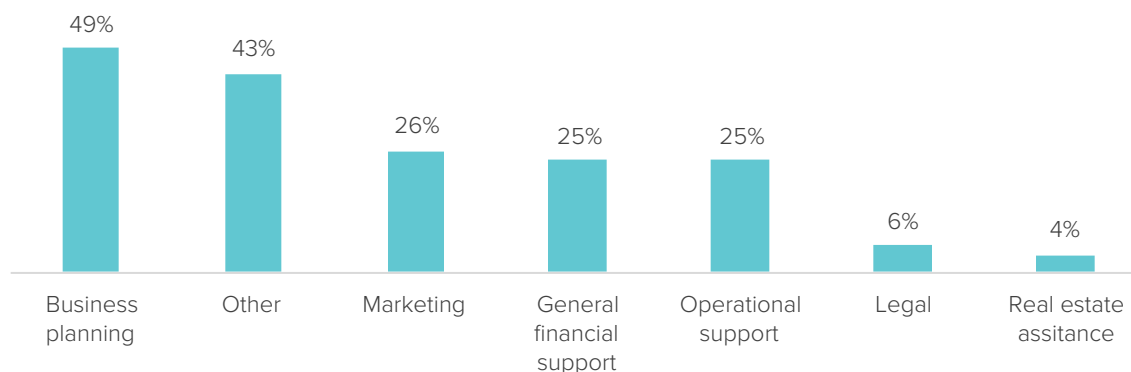
⁴² Ibid.

⁴³ Ibid.

APPENDIX

To accomplish these goals, the MGFF provided support in a wide variety of areas, ranging from business planning to legal assistance.

Type of TA Provided
Number of TA recipients by TA type



Note: 'Other' includes assistance associated with build-out costs, other financial support, assistance associated with a construction and supply loan, business coaching from Northern Initiatives, food safety training from MSU extension, help preparing for a pitch competition, and support in making connections (at a boot camp).

Ninety-two percent (92%) of businesses that received MGFF technical assistance and responded to the survey reported that it helped them to build skills or achieve goals they would have not otherwise achieved, and 94% said that they would recommend the MGFF's technical assistance to a friend.⁴⁴

Catalytic Investment Awards

As of fall 2019, the MGFF had provided Catalytic Investment Awards totaling \$885,000 to 26 businesses to catalyze high-impact projects to grow the enterprises' capacity and enable them to secure financing. The majority of Catalytic Investment Award recipients used their award to finance renovations or for working capital.⁴⁵

| MGFF Catalytic Investment Award Use | Number of Catalytic Investment Award Recipients Reporting | Share of Catalytic Investment Award Recipients Reporting |
|-------------------------------------|---|--|
| Renovations | 7 | 41% |
| Working capital | 6 | 35% |
| Other | 4 | 24% |
| Securing equipment | 4 | 24% |
| Business Planning | 3 | 18% |
| Market Study | 2 | 12% |
| Securing real estate | 2 | 12% |

⁴⁴ 2019 MGFF Social and Economic Impact Survey.

⁴⁵ Ibid.

APPENDIX

All reporting MGFF Catalytic Investment Award recipients indicated that the MGFF helped their business achieve outcomes it could not have achieved otherwise. One MGFF Catalytic Investment Award recipient said, “The MGFF funding catalyzed the work to operationalize the business and grow from a community-level presence to [a] regional presence. The MGFF’s focus on the triple bottom line and equity enabled the business to seek out alternative ways to conduct business that often can be more expensive than working with traditional channels.”⁴⁶ Furthermore, 8 of the 17 reporting Catalytic Investment Award recipients had received the debt financing that they needed to secure their project, and another 5 indicated that they anticipated securing debt financing within the next 12 months.⁴⁷

Loans

As of fall 2020, the MGFF had supported 31 businesses with MGFF loans totaling \$12,063,200. Eighty-eight percent (88%) of these loans were term loans by number, and 12% were direct leverage loans.⁴⁸ Business owners used the majority of these loans to purchase equipment, to finance construction/renovation activities, or to have them act as working capital.

| Loan Use | Number of Loans | % |
|----------------------------------|-----------------|-----|
| Equipment | 9 | 29% |
| Construction/Renovation | 8 | 26% |
| Working capital | 7 | 23% |
| Building/Real estate acquisition | 4 | 13% |
| Inventory | 2 | 6% |
| Term Loan | 1 | 3% |

Ninety-one percent (91%) of reporting MGFF loan recipients indicated that the program had enabled them to achieve goals that they would have been unable to attain without the program's support. Business owners who disagreed noted that it was too early to say that they had achieved incremental outcomes because they were still in the process of securing the additional outside financing needed to complete their projects.

⁴⁶ 2019 MGFF Social and Economic Impact Survey.

⁴⁷ Ibid.

⁴⁸ MGFF Inquiry Tracker. Data as of 10/28/19. This statistic represents the 84% of loan recipients for which the loan type was available.

APPENDIX

Appendix B: Social and Economic Impact Findings

The following table summarizes the MGFF's social and economic impacts as of fall 2019.

| OBJECTIVE | TARGETED OUTCOMES |
|--|--|
|  HEALTHY FOOD ACCESS | <ul style="list-style-type: none"> 89% of MGFF-supported food service businesses offer healthy foods on their menus⁴⁹ 89% of MGFF businesses actively support the consumption of healthy food⁵⁰ 100% of MGFF-supported businesses offer foods that they would consider affordable to low-income populations⁵¹ 50% of MGFF businesses are located in low-income, low-access communities⁵² |
|  ECONOMIC DEVELOPMENT | <ul style="list-style-type: none"> MGFF businesses supported 900+ permanent jobs⁵³ MGFF businesses supported 180+ construction jobs⁵⁴ 68% of MGFF businesses were located in economically distressed communities, with 62% located in highly unemployed communities⁵⁵ |
|  RACIAL AND SOCIAL EQUITY | <ul style="list-style-type: none"> 54% of the businesses receiving MGFF support are woman-owned⁵⁶ 56% of the businesses receiving MGFF support are owned by people of color⁵⁷ 6% of the businesses receiving MGFF support are owned by individuals who identify as Hispanic or Latinx⁵⁸ |
|  ENVIRONMENTAL STEWARDSHIP | <ul style="list-style-type: none"> 57% of MGFF businesses reported implementing "other sustainability measures"⁵⁹ 47% of MGFF businesses reported having food-waste reduction programs⁶⁰ 40% of MGFF businesses reported conducting an energy efficiency audit⁶¹ |
|  LOCAL SOURCING | <ul style="list-style-type: none"> On average, 73% of MGFF businesses' vendors are MI-based⁶² 79% of MGFF businesses actively promote the consumption of foods from MI⁶³ |

⁴⁹ 2019 MGFF Social and Economic Impact Survey.

⁵⁰ Ibid.

⁵¹ Ibid.

⁵² MGFF Inquiry Tracker. Data as of 10/28/19. This statistic reflects the 92% of businesses for which information on location in a low-income, low-access community was available.

⁵³ 2018 and 2019 MGFF Social and Economic Impact Survey.

⁵⁴ Ibid.

⁵⁵ MGFF Inquiry Tracker. Data as of 10/28/19. This statistic reflects the 91% of businesses for which information on location in an economically distressed community was available.

⁵⁶ MGFF Inquiry Tracker. Data as of 10/28/19. This statistic reflects the 87% of businesses for which information on business-owner gender was available.

⁵⁷ MGFF Inquiry Tracker. Data as of 10/28/19. This statistic reflects the 82% of businesses for which information on business-owner race was available.

⁵⁸ MGFF Inquiry Tracker. Data as of 10/28/19. This statistic reflects the 60% of businesses for which information on business-owner ethnicity was available.

⁵⁹ 2019 MGFF Social and Economic Impact Survey.

⁶⁰ Ibid.

⁶¹ Ibid.

⁶² Ibid.

⁶³ Ibid.

APPENDIX

Economic Development

Objective: Drive economic development and job creation to grow Michigan's economy

Supporting good enterprises across the food value chain has enabled the MGFF to drive economic development and job creation across sectors in a wide range of economically distressed communities. Sixty-eight percent (68%) of MGFF businesses are located in economically distressed communities exhibiting at least one of the following characteristics: a low-to-moderate income level, a high poverty rate, or a high unemployment rate.⁶⁴ The most prevalent indicator of economic distress for the communities in which MGFF businesses are located is a high unemployment rate; 62% of businesses receiving MGFF support are located in a community with an unemployment rate of more than 1.5 times the national average.⁶⁵ Many MGFF business owners focus on hiring locally, and one grocery employee participant noted, "Most of the people who work here are from the neighborhood."⁶⁶ The MGFF has supported businesses that are strengthening local economies by creating and retaining jobs. Since 2015, MGFF businesses have supported more than 900 permanent jobs, with full-time positions accounting for 51% of these jobs and part-time positions accounting for 49% of these jobs.⁶⁷

Racial and Social Equity

Objective: Ensure equitable access to food, jobs, ownership, and flexible investment capital

The MGFF is achieving progress toward fostering racial and social equity by supporting groups that have historically had limited access to capital, particularly women/nonbinary, minority, and Hispanic or Latinx entrepreneurs. The proportion of MGFF-supported businesses that are women, non-white, and Hispanic or Latinx exceed their respective shares of the Michigan population.

| | Share of MGFF-Supported Business Owners | Share of MI Small Business Owners ⁶⁸ | Share of MI Population |
|--------------------|---|---|------------------------|
| Women | 54% | N/A | 51% |
| Non-White | 56% | 19% | 21% |
| Hispanic or Latinx | 6% | N/A | 5% |

⁶⁴ MGFF Inquiry Tracker. Data as of 10/28/19. This statistic reflects the 91% of businesses for which information about location in an economically distressed community was available. Note: For additional information on the definition of an economically distressed community, please see Appendix C.

⁶⁵ 2019 MGFF Social and Economic Impact Survey (reflects activity through 9/30/19, representing the 30% of borrowers who completed the Social and Economic Impact Survey in 2019).

⁶⁶ 2017 PhotoVoice reflection in Kalamazoo.

⁶⁷ 2018 and 2019 MGFF Social and Economic Impact Surveys.

⁶⁸ U.S. Small Business Administration Office of Advocacy. 2019 Small Business Profile.

APPENDIX

Environmental Stewardship

Objective: Encourage sustainable environmental practices

The majority of businesses that have received MGFF support are demonstrating a commitment to environmental stewardship, with 85% of businesses indicating that they have implemented at least one sustainability measure.⁶⁹ MGFF businesses employ a wide range of sustainability measures, as depicted in the table below.



57%

Implement an “Other Sustainability Measure”



47%

Employ a Food-Waste Reduction Program



40%

Implement Energy Efficiency Measures



36%

Compost



21%

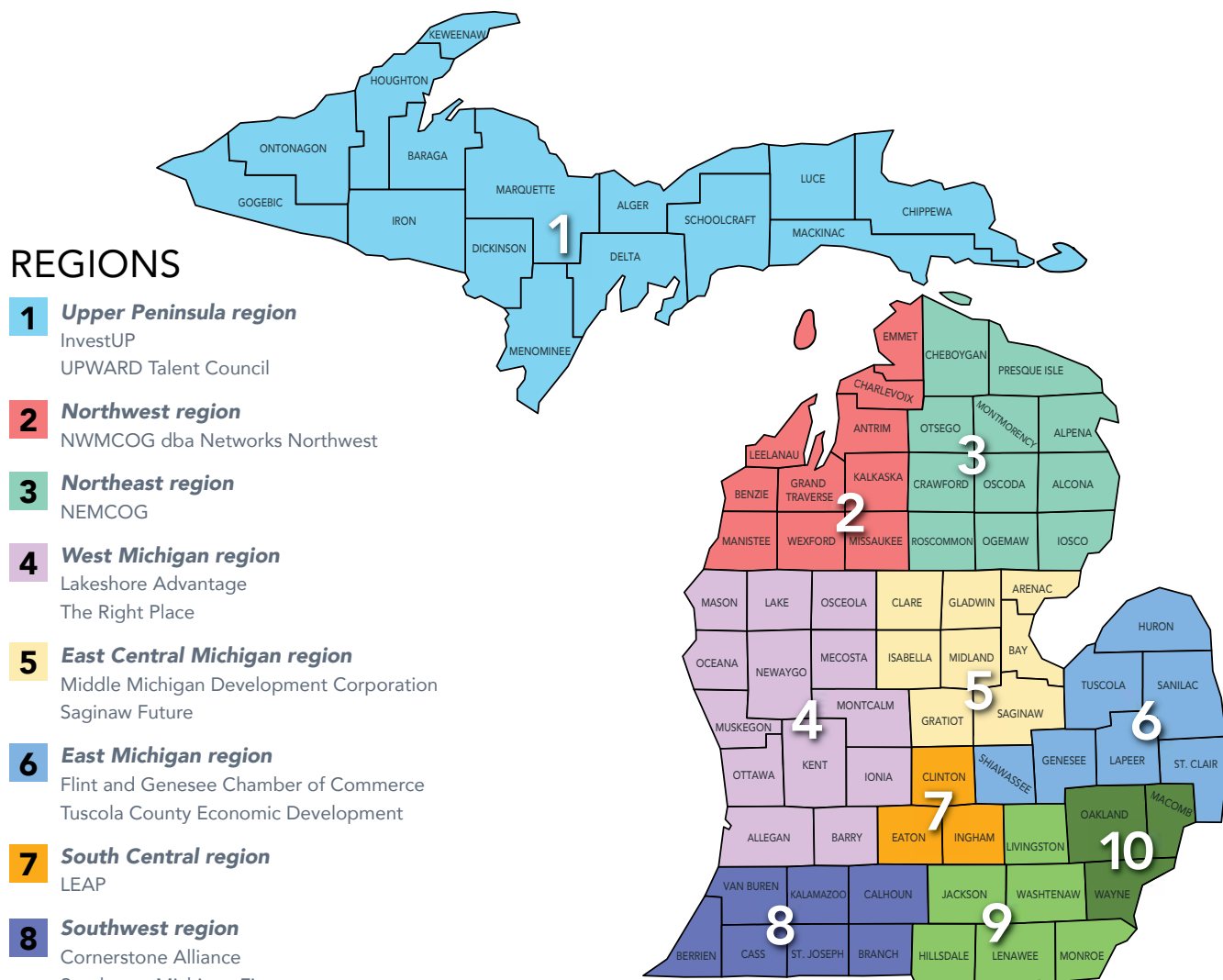
Source Renewable Energy

Note: Other sustainability measures include using post-consumer recycled materials, local suppliers, earth-friendly paper products, and recyclable containers.

⁶⁹ 2019 MGFF Social and Economic Impact Survey.

Appendix C: Analytic Definitions

Michigan Economic Development (MEDC) Regions



- Michigan Dept. of Transportation (MDOT)
- Michigan Manufacturing Technology Center (MMTC)
- Michigan Small Business Center (MI-SBDC)
- Michigan State Housing Development Authority (MSHDA)
- Procurement Technical Assistance Centers (PTACs)
- Other state and federal agencies

APPENDIX

Economic Distress

A community is considered economically distressed if it has any of the following statistics: low-to-moderate income, high poverty, or high unemployment. According to the U.S. Department of the Treasury's CDFI Fund, a community is considered to have low-to-moderate income if the census-tract average median income is less than 80% of the metropolitan area's average median income. A community is considered to have high poverty if it has a poverty rate of greater than 20%. A community is considered to have high unemployment if the unemployment rate in that community is greater than 1.5 times the national average.

Low-income, Low-access

According to the U.S. Department of Agriculture, a community is considered low-income, low-access if it is low-income and has limited proximity to a full-service supermarket. A community is considered low-income if the census-tract average median income is less than 30% of the metropolitan area's average median income. An urban community is considered to have limited access to a full-service supermarket if the average resident is more than half a mile from the nearest full-service supermarket, and a rural community is considered to have limited access to a full-service supermarket if the average resident is more than 10 miles from the nearest full-service supermarket.

Opportunity Zones

The Opportunity Zones Program was enacted as part of the 2017 Tax Cuts and Jobs Act and is designed to drive long-term capital to rural- and low-income communities. Investors in Opportunity Funds—who are required to invest a minimum of 90% of capital in Opportunity Zones—receive tax benefits on unrealized capital gains.

Census tracts are eligible for Opportunity Zone designation if...






- They are considered low income as defined by an individual poverty rate of at least 20% AND median family income no greater than 80% of the area median.
- The tract is not low-income but is contiguous with a low-income community designated as a Qualified Opportunity Zone AND the median family income does not exceed 125% of the median family income of the low-income community contiguous with tract.
- Up to 5% of the population census tracts designated as Opportunity Zones may qualify under this exemption.
- Per state/territory, up to 25% of the total number of census tracts that qualify as an Opportunity Zone can be designated as an Opportunity Zone.

Once census tracts are qualified for, Opportunity Zone governors determine which qualifying census tracts should be designated as Opportunity Zones. The U.S. Department of the Treasury certifies Opportunity Zone census tracts, and the IRS maintains a list of Opportunity Zone census tracts.

APPENDIX

Appendix D: Information Examined in Social and Economic Impact Analysis

The following table details the types of information examined in the social and economic impact analysis that is used to assess the program's progress in aligning with its goals.

| OBJECTIVE | INFORMATION EXPLAINED |
|--|--|
|  HEALTHY FOOD ACCESS | <ul style="list-style-type: none"> Percent of MGFF businesses offering healthy foods on their menus Percent of MGFF businesses actively supporting the consumption of healthy foods Percent of MGFF businesses offering foods that they consider affordable to low-income populations Percent of MGFF businesses located in low-income, low-access communities |
|  ECONOMIC DEVELOPMENT | <ul style="list-style-type: none"> Number of permanent jobs supported by MGFF businesses Number of construction jobs supported by MGFF businesses Percent of businesses located in economically distressed communities (low-to-moderate income, high poverty, or high unemployment) |
|  RACIAL AND SOCIAL EQUITY | <p>Percent of MGFF businesses owned by...</p> <ul style="list-style-type: none"> Women People of color Individuals who identify as Hispanic or Latinx |
|  ENVIRONMENTAL STEWARDSHIP | <p>Percent of MGFF reporting...</p> <ul style="list-style-type: none"> Conducting an energy efficiency audit/operationalizing energy efficiency measured Explicitly seeking to source renewable energy Pursuing sustainability certifications (e.g., LEED) Implementing a composting program Producing/selling organic products |
|  LOCAL SOURCING | <ul style="list-style-type: none"> Percent of MGFF businesses' vendors that are MI-based Percent of MGFF businesses that actively support the consumption of foods from MI |

