



OFFICE OF THE MAYOR
CITY OF CHICAGO

FOR IMMEDIATE RELEASE

December 6, 2011

CONTACT:

Mayor's Press Office

312.744.3334

press@cityofchicago.org

**MAYOR EMANUEL ANNOUNCES FORMATION OF NON-PROFIT MICROLENDING
INSTITUTE TO INVEST \$1 MILLION IN THE CITY'S SMALL BUSINESSES**

First in the nation institute will train new microlenders and spur more than \$20 million in annual business revenue, create nearly 1000 small business jobs over next four years

Mayor Rahm Emanuel today announced the formation of the Chicago Microlending Institute (CMI), a first-in-the-nation institute that will train new lenders to make targeted loans to the City's smallest businesses. The CMI will administer the Small Business Loan Fund, a \$1 million pool of loan capital that is aimed at supporting the smallest businesses in Chicago with targeted microlending.

"Small businesses are the backbone of Chicago's economy," said Mayor Emanuel. "We must do everything we can to make sure our small businesses have the resources and opportunity they need to compete and grow. This program will build on ACCION's proven model and bring two more top-tier microlenders into the market next year. By using the \$1 million loan pool being made available by the City, the new lenders will provide capital to more than 250 small businesses so they can expand and fuel our economy."

Once approved by the City Council, ACCION Chicago will be tapped to run the institute, which will administer a training program that will train up to two additional lenders each year. The training program, which will cost \$245,000 to administer, will be funded by third-party grants. Once graduated, the new microlenders will receive funds from the loan pool as seed capital to lend to small businesses. In its first year, ACCION Chicago and two new graduated microlenders will begin lending – making loans to approximately 100 small businesses in its first year.



OFFICE OF THE MAYOR
CITY OF CHICAGO

“Microlenders are key drivers of job creation across the city, especially in low- to moderate-income areas, microlenders can facilitate job creation at extremely low rates of subsidy,” said ACCION Executive Director Jonathan Brereton. “We are committed to creating a sustainable, efficient loan environment that meets the needs of qualified small businesses.”

“Ensuring the quality of financial services provided is of the utmost importance in any financial inclusion program,” said Bob Annibale, Global Head of Citi Microfinance and Citi Community Development, which is underwriting \$100,000 of the cost to set up the institute. “Citi is proud to support the training component of CMI, which through ACCION Chicago will provide microlenders with the knowledge and tools to catalyze the sustainable growth of small businesses in Chicago.”

In Chicago, more than 20 percent of the City’s residents work for firms with five employees or less, and many of these businesses are located in low- to moderate-income neighborhoods. These businesses have real difficulty accessing capital from traditional lenders. The City’s estimates indicate that there’s an annual demand for nearly \$28 million in microloans that is unfulfilled.

Mayor Emanuel has made the support and growth of the city’s small businesses a key priority of his administration. The CMI is another step in an ongoing series of efforts that the Mayor has initiated to support small business in Chicago.

Earlier this year, the Mayor announced two initiatives that focus on small and minority- and women-owned businesses: The Small Business Initiative, which levels the playing field so that small businesses can compete alongside large firms for City contracts, and the Diversity Business Initiative, which is designed to increase the use of minority and women-owned businesses in the private sector by providing participation credits toward City contracts. Additionally, Mayor Emanuel worked with Goldman Sachs to bring the *10,000 Small Businesses* program to Chicago, which will infuse the city with \$25 million in crucial resources and training for the city’s small businesses. The Mayor has also successfully



OFFICE OF THE MAYOR
CITY OF CHICAGO

rolled back half of the \$4 “head tax” in his 2012 budget, and has pledged to eliminate the entire tax by the end of his term.

The Office of New Americans has pushed a number of initiatives aimed at spurring new businesses in the immigrant community. The Office will build on the City’s annual resource fair, creating temporary one-stop-shops for immigrant business owners and expanding them to quarterly events. Relevant city staff and community partners will be on hand to provide educational information to business owners about navigating the licensing and inspections processes. Further, through a workshop at the beginning of every year, ONA will “train the trainer” by educating immigrant business associations and immigrant groups on the range of services offered by the City and established chambers of commerce. The Office will also work with community organizations to ensure volunteer translators are on hand at least once a month to provide language access at critical City small business workshops.

###