



OFFICE OF THE MAYOR  
CITY OF CHICAGO

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**ORDINANCE AUTHORIZING MICROLENDING INSTITUTE PASSES CITY COUNCIL**

*First in the Nation Institute Will Train New Microlenders and Spur More Than \$20 Million in Annual Business Revenue, Creating Nearly 1000 Small Business Jobs Over Next Four Years*

The Chicago City Council passed an ordinance today that will form 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 our city's economy," said Mayor Emanuel. "This program will build upon proven models and bring 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, helping them expand and fuel our economy."

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



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“This is an important step in helping to ensure that small businesses can get started and grow here in Chicago,” said Alderman Munoz. “The training program will help provide the information and tools needed to spur growth in every neighborhood.”

“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.”

More than 20 percent of Chicago’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 is an annual demand for nearly \$28 million in microloans that is unfulfilled.

In 2011, Mayor Emanuel 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 \$25 million in crucial resources and training for the city’s small businesses. The Mayor has also successfully 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.

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