

DEPARTMENT OF ECONOMIC DEVELOPMENT

SUMMARY FOR THE LEGISLATIVE FILE

ORDINANCE NO: 559-2019

Project Name: Kiva City Hub Market Partnership
Recipient: Kiva Microfunds Organization
Project Site: N/A
Ward/Councilperson: Citywide
City Assistance: \$200,000 UDAG

Project Description:

In conjunction with the Executive Fellow's objective to secure national private/public partnerships for accelerating business growth citywide, Kiva U.S. was approached to create a Hub City partnership with Cleveland. Different from the previous Kiva decision memo several years ago, a Hub City partnership is specific to a city government or local technical assistance provider who assumes responsibility and relative control over the Kiva Loan market. The Hub will designate a Kiva Capital Access Manager(s) to be trained on the loan customer relationship management software and the Hub is equipped with the entire borrower pipeline to manage and grow. The Economic Development department will have access to the data and be the first touchpoint for these future businesses thus increasing the volume of entrepreneurs in the City of Cleveland effectively 'Priming the Business Funnel'.

The City of Cleveland is committing up to \$200,000 towards the three year graduated scale up of this community crowdfunding program with Kiva. Through the program, the City will be trained as a Kiva Hub, have the ability to designate and train Trustees (who approve the borrower), and process 30+ loans to early stage businesses for an estimated economic impact of \$300,000 city wide.

Company Background

Kiva Organization, a 501(c)3 a U.S. nonprofit fueled by passionate people. Founded in 2005, and based in San Francisco, with offices in Bangkok, Nairobi, Portland and staff around the globe. Their mission is to alleviate poverty by connecting people through lending. Kiva US program offers loans between \$1,000 – 10,000 at 0% interest and \$0 in fees.

Project Summary

Over the next three years, Kiva will provide training, loan processing portal, materials, and underwriting expertise for the City of Cleveland partnership. By becoming a Kiva Hub, Cleveland will be able to utilize best practices from local neighbors such as Pittsburgh and Columbus in scaling up the program for maximum economic impact. The three year program will distribute up to 60 loans at \$5,000 each to early stage businesses through Kiva's community crowdfunding platform. The City's funding will cover loan processing fees instead of passing on to the borrowers, training for a pipeline manager, marketing/event costs and trustee training over the full term of the contract. .

Proposed City Assistance

\$200,000 Grant from UDAG to pay for the operating costs

Term: 3 Years

OPERATIONS	COSTS
Loan Processing Fee	\$90,000
Capital Access Manager Training	\$30,000
Marketing/Events	\$20,000*
Trustee Incentive	\$10,000

***extension of funds may be in this category**

Economic Impact

- Leveraging public funds to assist small businesses who have been hardest hit by the lingering effects of the Recession.
- 30+ business loans with an economic impact of \$300,000 to the community
- 5 Cleveland Trustees trained by end of year 1; eligible to enlist other trustees in the city. Expanding list from 2 to 7 in a year here in Cleveland.
- 70% of borrowers are low-to-moderate income; 50% of loans made to minority and/or women entrepreneurs

City Requirements

N/A