

New North, Inc.

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Matching funds amplify the effect of Kiva loans in Wisconsin's Main Street and Connect Communities

Owners of businesses in Wisconsin's [Main Street](#) districts and [Connect Communities](#) will now be able to benefit from matching funds from WEDC to complement the microloan funds they receive through the Kiva.org crowdfunding site, helping them reach their fundraising goals more quickly.

"Matching funds have previously been available for businesses located in Milwaukee and those served by the various minority chambers of commerce," says Errin Welty, WEDC downtown development account manager. "Similar matching funds will now be available for locally owned small businesses more broadly around the state."

Kiva is a microlending organization that initially focused on alleviating poverty in developing countries, particularly by providing startup capital to women, who in many parts of the world lack equal access to capital or labor markets because of patriarchal culture and strict division of labor along gender lines. The Kiva Zip program was born in 2011 in response to the realization that some populations within the U.S. also lacked access to capital. Since its inception in 2005, Kiva has funded more than one million loans that total over \$1 billion in value.

In addition to connecting borrowers with capital, Kiva connects individuals with these budding companies by allowing people to become lenders for amounts as low as \$25. Lenders can browse the Kiva website to pick their favorite projects and decide how their funds will be used, and a project receives funds from Kiva once enough lenders commit funding through the website for the loan to be fully funded. The growing menu of options for businesses located in Wisconsin provides more opportunities for small-scale individual investors to support businesses within their communities and around the state.

In fiscal year 2018, [WEDC provided \\$50,000 to each of four partner organizations](#)—the African American Chamber of Commerce of Wisconsin, the Hispanic Chamber of Commerce of Wisconsin, the American Indian Chamber of Commerce of Wisconsin and the Hmong Wisconsin Chamber of Commerce—for the purpose of allocating matching funds to Wisconsin-based Kiva loan proposals. The goal was to make use of these organizations' connections in their communities to help Kiva funds make a broader impact in Wisconsin, particularly in underserved communities.

"In my experience, businesses that raise funds through Kiva appreciate not only the opportunity to access a zero-interest loan, but also the demonstration of support from the local community and beyond for their vision," says Welty. "We know that businesses that receive matching funds are 80 percent more likely to successfully raise funds and complete their project."

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Given the success of the initiative with the minority chambers, as well as the earlier partnership between the Wisconsin Women's Business Initiative Corporation (WWBIC) and the City of Milwaukee to bring Kiva into Milwaukee, WEDC began exploring ways to help Kiva's benefits reach additional Wisconsin communities.

Focusing efforts on Wisconsin's downtown districts made sense because, while downtown districts have a high rate of entrepreneurship and locally owned businesses, it may be more difficult to get access to capital outside major metropolitan areas. By leveraging existing relationships with municipalities throughout the state through its Main Street and Connect Communities programs, WEDC is able to efficiently deploy the newly expanded fund pool. To qualify for the new allocation of matching funds, an applicant must be a woman-owned, minority-owned or veteran-owned business within a downtown district of a Main Street or Connect Communities participating community.

Partnering with WWBIC for the loan process, WEDC has committed a total of \$95,000 for the new category of matching funds through June 30, 2019, and each approved borrower can receive up to \$5,000 in matching funds. The funds will be awarded on a first come, first served basis (subject to eligibility criteria and underwriting by Kiva) to businesses that have successfully raised half their desired loan amount on the Kiva website.

Currently, 34 communities are part of the Main Street Program, and there are 71 active participants in the Connect Communities Program. Having a structured organization means these communities have the infrastructure in place to support the success of small businesses and connect them with resources.

To date in Wisconsin, Kiva has funded 302 loans to 203 borrowers, with a total value of \$1.1 million. A total of 14,510 lenders have contributed to the loans. The borrowers have been roughly two-thirds women and one-third men. The vast majority of loans have been in the retail, food and service industries, although businesses in a wide variety of industries may apply. Business owners interested in getting more information can reach out to their local [Main Street](#) or [Connect Communities](#) organization, or can contact Welty at 608.210.6832 or errin.welty@wedc.org.

Example #1: James Hall, owner of Honor Athletics used funds from a Kiva loan to help purchase equipment and pay for services used to train, film, educate and market athletes to help them connect with opportunities to play professionally abroad. "My proudest moment is watching someone sign a contract," says Hall. "Just knowing that their life is forever changed is my personal life's mission." The loan received matching funds from the African American Chamber of Commerce of Wisconsin.



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Example #2: Tokara Henry, owner of Bijou Nails & Co. used funds from a Kiva loan to replace outdated equipment, invest in advertising and gain working capital for her business. Henry opened the nail salon in 2010. "I wanted to create a business that would empower others to set and accomplish their personal and professional goals to create a better standard of living for themselves," she says. "Our salon has created job opportunities for community members, and at the same time has seen an increase in service, sales and customer retention." The loan received matching funds from the African American Chamber of Commerce of Wisconsin.