



MICRO LOANS: SMALL INVESTMENT, BIG RETURN

Imagine...you are an engineer who has come to Canada to build a better life for your family and yourself. You arrive only to find out that your previous education and experience are not enough to get a job in your field. You need to obtain Canadian credentials, but this costs money—money that you may not have available. What do you?

MICRO LOANS IN BRIEF

Micro loans—also referred to as micro credit—are character-based loans that are available to persons who have difficulty accessing credit through traditional lenders, such as a bank. Micro loans do not require the applicant to have stable employment, a good credit rating or a credit history in Canada, or any type of collateral.

Micro loans have been issued for the purposes of starting or expanding a business, upgrading education or obtaining credentials, and emergency needs such as rent or damage deposit.

Because these funds are a loan, not a grant, recipients are required to repay the funds as per a set agreement. So, not only do micro loans provide the recipient with financing needed for their business, education or emergency needs, they also serve to help build credit.

MOMENTUM'S MICRO LOANS PROGRAMS

Momentum's programs are based on the Sustainable Livelihoods model. Under this model, our programs provide the opportunity for growth and balance in five asset areas: human, personal, social, physical and financial.

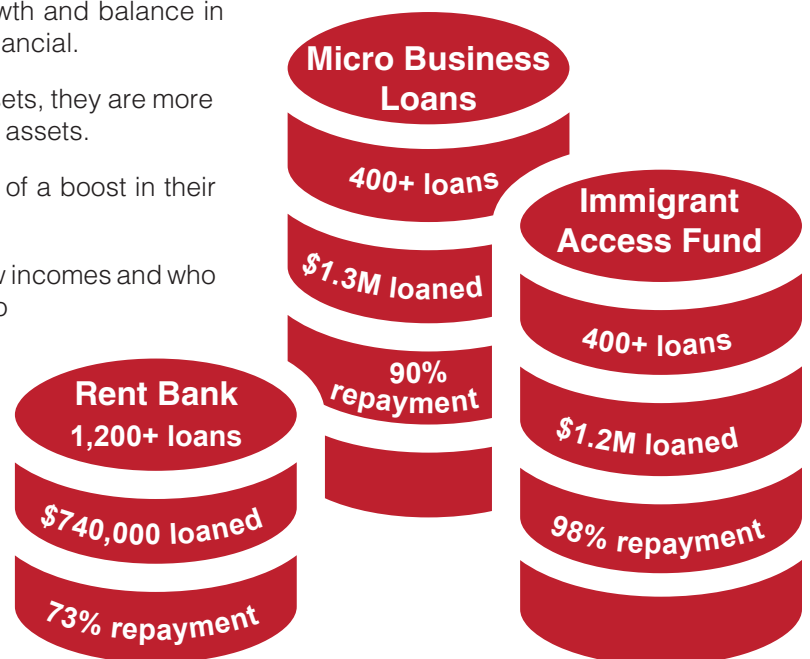
Experience has taught us that if a person builds all five assets, they are more resilient to setbacks, than when only building the financial assets.

However, there are some cases where people need a bit of a boost in their financial assets in order to start the ball rolling.

So, Momentum offers micro loans to Calgarians living on low incomes and who are looking to start or expand their small business or who are skilled newcomers looking to obtain accreditation or training to work in their field in Canada.

Momentum has provided micro loans through the Micro Business Loans, Immigrant Access Fund and Rent Bank loan portfolios.

As these are character-based loans, these programs offer participants the opportunity to establish or repair their credit history.



Micro Business Loans

- Momentum micro business loans provide disadvantaged entrepreneurs with funds to start up or expand their business.
- Participants can receive up to \$7,500 with additional funds available after successful repayment.
- Momentum also manages a business micro loan portfolio specifically available to entrepreneurs with disabilities. To learn about FundAbility, visit www.momentum.org/myability.
- Some examples of businesses supported by micro business loans are jewellery sales, industrial and residential cleaning services, tattoo parlours, bakeries, bookkeeping, photography, holistic therapy and artists.

Immigrant Access Fund

- Working in partnership with the Immigrant Access Fund Society, Momentum provides micro loans to skilled newcomers so they may obtain the necessary credentials to get a job in their field in Canada.
- Examples of fields of work of IAF loan recipients include pharmacy, engineering, health care workers, accounting and truck drivers, lawyers and IT professionals.
- A study conducted by the Department of Economics at the University of Calgary demonstrated an average rate of return of 33% on IAF loans.

Rent Bank

- Previously, Momentum offered micro loans to individuals who were facing eviction or having their utilities cut off. While this program is no longer in operation, the results are reflected in the numbers below.

IMPACT OF MOMENTUM MICRO LOANS*

Total Loans: **2,150**

Total Amount loaned: **\$3,792,084.78**

Current active loans: **329**

Current amount of active loans: **\$1,041,209.79**

Average historic repayment rate: **81%**

Committed to Starting a Small Business

Javier immigrated to Canada with his family from Columbia, where he worked as the manager of a grocery store, and was also Mayor of his village.

However, because of political unrest, the region in which Javier and his family lived had become a dangerous place and he wanted safety and stability for his family.

“I learned so much about business and money management.”

- Javier, Self Employment Participant & Micro Business Loan Recipient

Based on their recommendations of friends, Javier moved his family to Calgary. “When I arrived in Canada, I spoke no English,” says Javier today. “My friends helped to find me a job, so I worked on weekends and took English courses during the week.”

A person at an immigration centre told Javier about Momentum and their programs, and advised him to go and see them. Javier took the person’s advice, met with Momentum staff.

Javier enrolled in Momentum’s Self Employment Program, to work towards starting a commercial and residential cleaning company.

“When I first started at Momentum, I felt a sense of community,” says Javier. “It felt very good to be there and to be around these people. Plus, I learned so much about business and money management. The systems here are very different from those in Columbia, so this was very helpful for me.”

After completing the program, Javier applied for—and received—one of Momentum’s Micro Business Loans, which enabled him to purchase the equipment he needed to start his business.

“I am very grateful to Momentum for all of the opportunities they have provided,” says Javier. Since starting his business, things have been going very well. Javier has since hired additional employees, and one of his major contracts is to clean the offices of—you guessed it—Momentum!

*numbers reflect data up to 2011 year end.

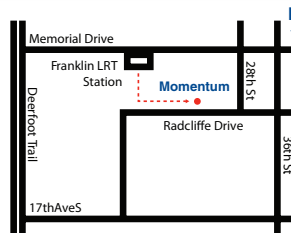
Contact Momentum

Phone **403.272.9323** or
email **info@momentum.org**

www.momentum.org

How to Find Us:

#16 2936 Radcliffe Drive SE
Calgary, Alberta T2A 6M8
It is just a **5 minute** walk
from the LRT to Momentum



Supported By:



United Way
of Calgary and Area

BUILDING STRONGER COMMUNITIES