



# MICRO LOANS: SMALL INVESTMENT, BIG RETURN

**Imagine...** you recently lost your job and are struggling to get by. You have dreams, though, and hope for a better future. Your goal is to start your own small business that can provide for you and your family. You've developed a business plan, but due to having poor credit and limited financial assets you don't have the money necessary to get the business launched. What can you do?

## 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 or good-paying 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, getting a better job by obtaining credentials, and emergency needs such as rent or damage deposit.

Since 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 and achieve greater financial stability.

## MOMENTUM'S MICRO LOANS PROGRAMS

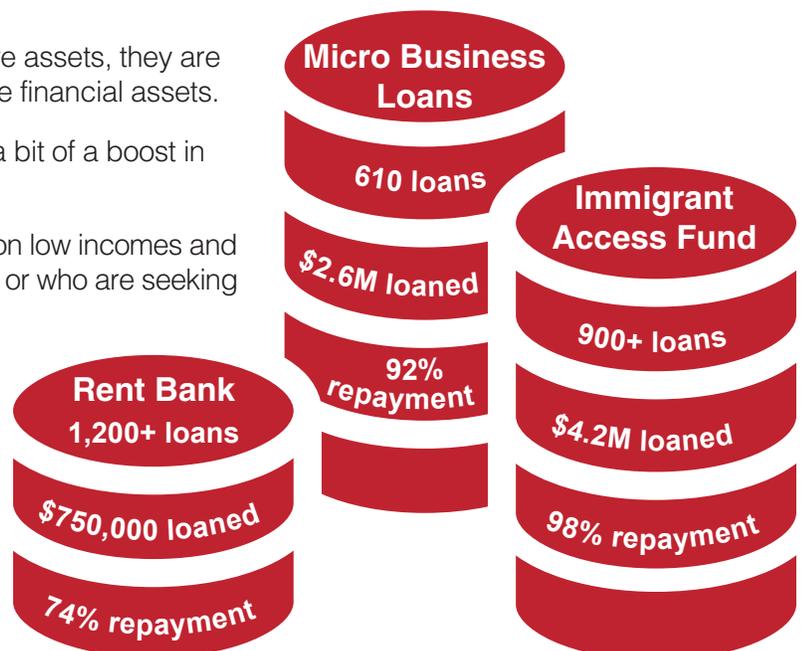
Momentum's programs are based on the Sustainable Livelihoods model. Under this model, our programs provide the opportunity for growth and balance in five asset areas: skills & knowledge, social connections, sense of self, basic needs and finances.

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 seeking to get a better job.

At Momentum, micro loans are a means to an end. We provide the low-cost, character-based loans so people can increase their prosperity. The loan enables people to increase their incomes – either through a better job or their business – and establish or repair their credit history.



Currently, Momentum provides micro loans through the Micro Business Loans and Job Boost programs. In the past, Momentum offered Immigrant Access Fund loans to skilled new Canadians looking to obtain accreditation or training to work in their field in Canada and Rent Bank loans for rent or damage deposit assistance. Momentum also partnered with First Calgary Financial to pilot the first ever affordable loan alternative to a payday loan in Alberta. First Calgary now offers the Cash Crunch in all of its branches.

### 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](http://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.
- In 2016, the 83 active loan recipients created 126 jobs in the Calgary community.

### Job Boost

- Microloans less than \$10K are provided to people who are facing a financial barrier to pursuing a better job and who are unable to access other forms of financial support, such as grants or other loans.
- Momentum launched the new program in 2017 and to date 15 loans were offered.

### Immigrant Access Fund

- Working in partnership with the [Immigrant Access Fund](#) (IAF) Society, Momentum provided micro loans to skilled newcomers to obtain the necessary credentials to get a job in their field in Canada from 2005 to 2015.

- Momentum no longer provides the IAF loans directly to new Canadians; however it continues to provide micro loan banking services to the IAF Society.
- To date, the IAF has provided 942 of loans totaling \$4.26M. 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

- Momentum offered micro loans to individuals who were facing eviction or having their utilities cut off.
- Over the 10 years of offering Rent Bank, Momentum provided over 1200 loans totalling almost \$750K with a 74% historical repayment rate.

## NICOLE RAGQUETTE: BREAKING THE CYCLE OF POVERTY

**“We’re breaking out of the cycle of poverty.”**

*- Nicole Ragguette,  
Momentum Participant and  
Owner of Royal Ambassador  
Professional Services*



Nicole and her husband both come from generational poverty, and have needed government assistance for more than 15 years. Determined to be the one to end the cycle of poverty and build a better future for their children, Nicole used Momentum programs and a microloan to learn how to manage her money and launch a business.

As her business continues to grow, she plans to use it as a platform to employ her neighbours with a living wage.

“I never thought I would have my own business,” says Nicole. “I didn’t even know I had a gift. But now I do. And having my own business gives me the flexibility to be the mom that I want to be while enabling us to break out of poverty.”

**Contact Momentum**  
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It is just a **5 minute** walk  
from the LRT to Momentum

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