

1 [Authorizing the Office of Economic and Workforce Development to Identify and Recommend
2 Small Businesses - Kiva Zip's Microlending Platform]

3 **Resolution authorizing the Office of Economic Workforce Development to identify and**
4 **recommend small businesses on behalf of the City and County of San Francisco for**
5 **participation in a Microlending Program operated by Kiva Microfunds, a California non-**
6 **profit public benefit corporation.**

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8 WHEREAS, The City and County of San Francisco desires to create, encourage, and
9 spur economic development and job creation within our local small business community; and

10 WHEREAS, The City and County of San Francisco works diligently to support local
11 businesses with available resources from the city while also working with additional partners
12 from outside the city to provide additional and adequate resources to the small business
13 community; and

14 WHEREAS, Kiva is an innovative online microfinance platform that has provided over
15 \$470 million in loans to over a million entrepreneurs world-wide since 2005 through its
16 website, Kiva.org; and

17 WHEREAS, Kiva's loans, mostly in the developing world, have been crowdfunded by
18 nearly a million individual lenders, who make these loans in increments as small as \$5; and

19 WHEREAS, At the end of 2011, Kiva launched a new program called Kiva Zip in the
20 United States to directly connect Kiva lenders to small business entrepreneurs focused on
21 economic and social need and thereby, furthering the City and County of San Francisco's
22 goals of creating, encouraging, and spurring economic development and job creation; and

23 WHEREAS, The aim of Kiva Zip is to expand financial opportunities and access to
24 capital for small business borrowers who otherwise lack them; reduce the cost of capital for
25 borrowers who need it; and enhance connectedness between lenders and borrowers; and

1 WHEREAS, Kiva Zip relies on “Trustees” to identify and recommend small businesses
2 to the Kiva Zip website where small businesses can become eligible to raise up to \$5,000 in
3 crowdfunded capital at zero percent interest – with the opportunity to raise additional capital
4 after the first loan is successfully paid in full; and

5 WHEREAS, Kiva Zip’s program provides that such “Trustees” solely identify and
6 recommend small businesses for the Kiva Zip platform, but do not finance, guarantee or have
7 and fiduciary responsibilities to these small businesses; and

8 WHEREAS, Kiva Zip’s program specifies that “Trustees” do not have any contractual
9 obligation with any Kiva lender or borrower, do not hold onto anything of value for anyone’s
10 benefit, and have no financial responsibility for any Kiva Zip loans; and

11 WHEREAS, Over 12,000 lenders have loaned to United States entrepreneurs and
12 small business owners on Kiva Zip; and

13 WHEREAS, Kiva Zip has helped entrepreneurs and small businesses access more
14 than \$1 million in loan capital in just two short years; and

15 WHEREAS, 47% of the loans made on Kiva Zip have been to female entrepreneurs
16 and over 50% of the loans made on Kiva Zip have been to ethnic minorities who typically face
17 more severe financial exclusion; and

18 WHEREAS, the City and County of San Francisco desires to become a Kiva Zip
19 “Trustee” and facilitate small business owners’ access to zero percent interest loans on the
20 Kiva Zip platform for businesses focused on social and economic need in San Francisco; and

21 WHEREAS, There is no cost whatsoever to the City and County of San Francisco in
22 becoming a “Trustee;” and

23 WHEREAS, The City and County of San Francisco sees the partnership with Kiva Zip
24 as an additional resource to help the small business community city-wide; and

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1 WHEREAS, The City and County of San Francisco may utilize a recognized third party
2 to review and recommend small businesses focused on economic and social need based on
3 criteria established by Kiva; now, therefore, be it

4 RESOLVED, That the Board of Supervisors further authorizes the Office of Economic
5 and Workforce Development to take any necessary actions to become a Trustee, including
6 entering an agreement with Kiva, provided that the Board must approve any agreement that
7 would be subject to approval under Charter Section 9.118.

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