

# Microlender Reaches Out to US Small Business

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*Editor's Note: This could develop into an alternative to VCs for a start-up.*



**KIVA** SAN FRANCISCO (AP) - Kiva.org has spent the past 3 1/2 years raising money on the Internet to finance destitute entrepreneurs in 44 impoverished countries. Now in a sign of the economy's spreading despair, the online "microlender" is reaching out to low-income entrepreneurs in the United States.

The expansion kicks off Wednesday when Kiva will let needy U.S. small businesses vie for funding alongside a melting pot of cash-starved entrepreneurs that includes everything from a Cambodian fisherwoman to a Moldovan butcher to a Bolivian taxi driver.

The U.S. listings will start with about 45 businesses in Boston, New York, Miami, Atlanta and San Francisco.

Kiva didn't intend to raise money for aspiring businesses in the world's largest economy. But the reluctance of U.S. banks to lend during the past nine months caused the San Francisco-based nonprofit to reconsider, said Premal Shah, Kiva's president.

Kiva relies on "crowd-funding" to make its loans. People come to its Web site, sift through the business plans of entrepreneurs and then contribute in \$25 increments. The money is pooled to

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finance loans that typically range from a few hundred dollars to several thousand dollars. The repayments don't include interest; people either get their original \$25, keep it in the lending pot or donate toward Kiva's administrative expenses.

Since 2005, Kiva has raised more than \$75 million from 500,000 people and lent the money to about 180,000 entrepreneurs in 44 countries. About 98 percent of the loans have been repaid on time, Shah said.

Although there is little doubt that the credit crunch is stifling the growth of U.S. small businesses, Shah said some of Kiva's staffers remain convinced the loans are needed more in poorer countries.

"It will be interesting to see if someone from South Central Los Angeles will be able to get a loan on our site more quickly than a small business in south Sudan," Shah said.

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