

COMMUNITY INVESTMENTS

This publication is produced by the Community Development Department of the Federal Reserve Bank of San Francisco. The magazine serves as a forum to discuss issues relevant to community development in the Federal Reserve's 12th District, and to highlight innovative programs and ideas that have the potential to improve the communities in which we work.

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CI Notebook

by Jack Richards

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As we approach community development strategically, it's important to remember the visible role small businesses play in transforming communities. This edition of *Community Investments* examines this role, looking at the challenges and benefits of financing small and micro businesses, especially in low- and moderate-income communities.

Small business lending activity already is an important element of many CRA programs; beyond direct lending, banks have supported intermediaries that provide assistance and funding to micro-businesses. But it appears financing is still severely limited—especially for borrowers needing less than \$35,000 in capital—and there is a need to increase intermediary capacity. The Aspen Institute estimates as many as ten million micro-entrepreneurs could benefit from access to technical assistance and financing.

The articles in this issue look at obstacles to providing both small business and micro-enterprise loans and, more importantly, highlight some of the programs and tools government, nonprofit, and financial institutions have implemented that have helped entrepreneurs to maintain and build their businesses.

We hope this issue provides some inspiration to strengthen entrepreneurial capacity and increase the odds for small business success in your communities.



Jack Richards

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