



Contacts: Nick Snavely and Tina Yongtian Tan, CMI Co-Presidents

Telephone: (206) 930-0164

Email: [nsnavely@fas.harvard.edu](mailto:nsnavely@fas.harvard.edu), [ytan@fas.harvard.edu](mailto:ytan@fas.harvard.edu)

## MICROFINANCE: HELPING PEOPLE HELP THEMSELVES

Cambridge Microfinance Initiative Gives Local Entrepreneurs a Fighting Chance

(Cambridge, MA) –Microfinance is probably the most unique and exciting poverty-reduction strategy to emerge in recent years. By finding innovative lending methods that reduce the cost of loaning money, microfinance lenders can extend credit to people usually ignored by the commercial banking establishment. The small loans they give to hardworking but low-income people have proven to be an extremely effective tool in helping the poor to better their situation and escape from poverty. In the past decade, nonprofit organizations have started microlending groups in developing countries all over the globe.

The success of microfinance in developing nations, however, has sometimes overshadowed the fact that this remarkable innovation’s potential for solving the poverty question is not limited to these nations. Even in developed countries, there are always people who have both a plan to improve their lives and the drive to make it work; all they lack is access to the capital they need to get started.

This is where the Cambridge Microfinance Initiative comes in. CMI is a non-profit, Harvard-based volunteer student organization that aims bring the benefits of microfinance to low-income entrepreneurs in the Boston area. The group’s clients are hardworking, but poor. They all have an idea of how to increase their income but due to poor credit history, unfamiliarity with the American financial industry, or other barriers, they can’t get a loan to provide them with the money to make their dreams a reality. CMI helps these people find and apply for microcredit loans of a few hundred or few thousand dollars to invest in starting or expanding a small business. Whether through assistance writing a business plan or advice on finding collateral, CMI helps its clients finally get access to the capital they need to succeed.

In CMI’s view, though, *microfinance* is more than simply *microcredit*. Capital is not the only thing that aspiring entrepreneurs need to realize their goals; to succeed in the competitive world of small businesses, knowledge is just as important as cash. CMI also provides free business lessons and one-on-one consultation with Harvard students. This lets CMI clients learn and develop crucial skills they’ll need to start and run a small business, such as accounting, marketing, pricing, and employee management. The group also helps clients make long-term goals, create sound business plans, and find ways to carve out a niche for their business in an often crowded market.

In times of uncertain economic outlook, starting a small business can be an almost impossibly daunting task. To low-income people starting a small business from the ground up, it can often seem like the whole world is against them. Now, thanks to one group of college students looking to make a difference, would-be entrepreneurs in Boston no longer have to face that world alone.

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If you’d like more information about CMI and the services it provides, call Nick Snavely or Tina Yongtian Tan at (206) 930-0164 or email the organization at [cambridgemfi@gmail.com](mailto:cambridgemfi@gmail.com).