

Jamie Dimon
Why Detroit
Matters

Mind the Gap
Bridging the
mismatch between
skills and jobs

Cities Rising
Henry Cisneros and Mel
Martinez on creating
inclusive growth

Decoding Data
Using big data
to advance
global prosperity



SPARKING
*Economic
Opportunity*

2015
CORPORATE
RESPONSIBILITY
Report

How to give more people the
opportunity to move up the
economic ladder and create more
widely shared prosperity.



THERE IS NO MORE URGENT CHALLENGE THAN THE NEED TO CREATE MORE INCLUSIVE ECONOMIC GROWTH

In the United States, 2015 marked a dubious milestone when, after generations as the economic majority, middle-class families officially became the minority. While the average American's income has risen by more than a third since 1970, most of the gains have gone to upper-income households. According to the Pew Research Center, middle-class families have seen their median incomes *decrease* by 4% since 2000, while lower-income households – those families already scrambling to make ends meet – have seen their incomes fall by 9%.

Changing these trends is both a moral and an economic imperative for the entire nation, and the private sector has an obligation to rise to the challenge. Some may ask whether a global bank has a role to play in addressing these challenges. Our belief, quite emphatically, is yes.

JPMorgan Chase is determined to be part of the solution. Over the next five years, we will deploy \$1 billion toward programs focused on expanding access to opportunity and advancing economic mobility around the world. Unlike traditional models of corporate philanthropy, we are relying on robust data and research – from our proprietary data on the finances of nearly 50 million U.S. households to analysis of real-time labor market dynamics in countries throughout Europe, Asia and beyond – to target our investments toward solutions that work. And we're going even further by leveraging the unique assets of our firm – our people, expertise, technology and relationships – to make an impact on a scale few organizations can match.

Our efforts are focused in areas where we can best put our capabilities to work. We are connecting job seekers to a tangible chance to get ahead by helping them gain the right skills for today's high-quality jobs. We are opening the doors that have too often been shut to minority-owned and community-based small businesses to enable them to become engines of job growth and economic vitality in their neighborhoods. And we are using our unrivaled insights into consumers' finances to help low- and moderate-income households become more financially secure.

Creating more opportunity for more people to fully participate in – and, critically, to share the rewards of – economic growth is good for our communities and it's good for our company. With this publication, we invite you to learn more about our firm's efforts and those of many other talented and committed individuals, organizations and partners working to advance these aims.

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Vice Chairman, Investment Banking, J.P. Morgan

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Chairman and CEO of
JPMorgan Chase & Co.

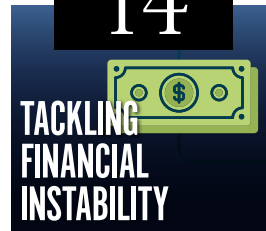
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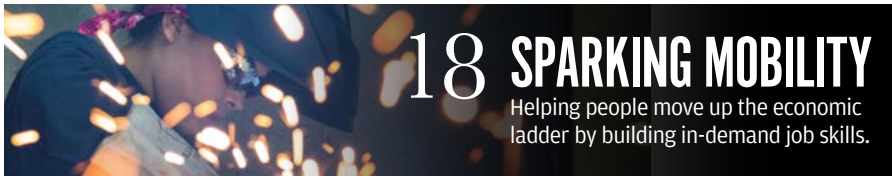


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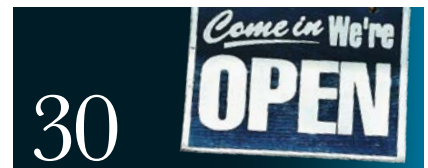
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For more information on how JPMorgan Chase manages environmental, social and governance issues within our business, see: www.jpmorganchase.com/esg



It's a sad truth: It often takes a disaster before people will do what's needed to solve a problem. For Detroit, it was a slow-motion tragedy that engulfed the city for decades. Today, however, the city is in the midst of a remarkable turnaround. How Detroit is turning the tide offers powerful lessons for all of us because, while its challenges may be stark, they aren't unique. In countless communities, the industries that in the past provided a reliable path to the middle class have been displaced. The result: Those with less education and fewer skills have been left behind. This broken compact robs individual lives of their potential, undermines growth, drains public resources and frays community fabric. Finding ways to create more widely shared economic opportunity - in Detroit and in cities everywhere - should matter deeply to all of us.

BY JAMIE DIMON

WHY DETROIT MATTERS

WHAT MOTOR CITY'S TURNAROUND CAN TEACH US ABOUT CREATING OPPORTUNITY

Jamie Dimon is Chairman and
CEO of JPMorgan Chase & Co.



In retrospect, Detroit's 2013 bankruptcy provided the jolt the city needed. Today, less than 18 months after the city exited bankruptcy, thousands of new streetlights are lighting the way, and people are restoring homes in neighborhoods like Boston-Edison and East English Village to their former luster. To be sure, Detroit still has a long way to go, but its turnaround is more apparent every time I visit. What's happening in Detroit is instructive for policymakers, business leaders and nonprofits everywhere.

Photo above: Global Titanium in Detroit is one of the biggest producers of scrap titanium products in the world. Community development financing from the Chase Invest Detroit Fund, supported by an investment from JPMorgan Chase, played a key role in the company's expansion.

Detroit's progress is driven by a spirit of partnership and pragmatism that we see at work in each of Detroit's steps forward. Instead of ideology, Detroit's leaders - across sectors and political parties - have tried new ideas. Instead of claiming credit, they have created impact. Instead of toeing the party line, they have talked to people about what matters.

This kind of collaborative approach is no longer simply a nicety - it's a necessity. The challenges Detroit and other communities are facing are too big and complex for the public sector to solve in its traditional silos, or for nonprofits alone to pick up the slack where government resources fall short. Businesses need to be involved, and they need to think differently about how they contribute. Helping cities

spur growth, create jobs and arm their residents with the skills to land them isn't charity - it's an investment.

In 2014, JPMorgan Chase announced a \$100 million investment in Detroit to help accelerate the city's recovery. We did this because the conditions were right: We saw hard-working leaders who were putting partisanship aside to focus on solving problems. We saw committed nonprofits and businesses with deep roots in the community. We saw a city where our firm has been doing business for more than 80 years, and where the right kind of investment could make a difference.

Since then, we have been hard at work deploying that capital as quickly and effectively as we can. We have also sent some of our most talented

people to the city to lend their skills and expertise. Our support is providing job seekers access to training and helping them compete for jobs that offer good wages and the chance to get ahead. It is enabling young Detroiters to gain employment experience during the summer, laying the foundation to one day get on a rewarding career path. And it is providing minority-owned, neighborhood small businesses with the capital and advice they need to get off the ground and become engines of growth.

Detroit is Exhibit A of what can be accomplished when individuals and organizations put ideological differences aside and work together to reimagine a city, revitalize a community and open doors to opportunity. For JPMorgan Chase, it has provided a host of insights that are informing our efforts to create more widely shared prosperity around the world. Let's all learn from the lessons of Detroit - and not wait for another disaster before we put them into action.

What's happening in Detroit is instructive for cities everywhere. A collaborative approach is no longer simply a nicety - it's a necessity.

INVESTED IN DETROIT

In 2014, JPMorgan Chase made a \$100 million, five-year pledge to support and accelerate Detroit's recovery. Here are some examples of our partners and investments:



Photo above: Programs like Access for All are helping Detroiters, such as Percy Redd, develop their skills to compete for jobs. Redd completed a training program to become a master electrician and is now working in the city's busy construction industry. Here, he pulls wire at a site in Detroit's New Center neighborhood.



Photo left: Creating high-quality jobs at Detroit-based businesses is a key community development focus. Detroit Manufacturing Systems (DMS) is one such business. It used a loan from Invest Detroit to expand its operations and increase hiring. Here, Gregory Davis, a graduate of Focus: HOPE, a workforce training organization, supervises an assembly line at DMS.

Photo right: Food-sector small businesses are a fast-growing part of Detroit's burgeoning community of entrepreneurs. Incubators like Shed 5 at Eastern Market (pictured here) and efforts like the Entrepreneurs of Color Fund, which supports minority-owned small businesses like House of Vin, are playing a key role in helping these businesses get off the ground.





Photo above: Alongside CDFIs, traditional community development banking efforts are providing critical capital to fuel Detroit's recovery. Here, a worker sprays fireproofing on a new development at 1145 Griswold, in the long-neglected Capitol Park in the heart of downtown. Projects like this and the Scott Building, which will break ground in early 2016, are visible signs of Detroit's revitalization.

Photo below: Jamie Dimon (left) joins Detroit Mayor Mike Duggan (third from left) to tour an East English Village home that was remodeled with support from Liberty Bank's Home Restoration Program.



Community development financial institutions (CDFIs) like Invest Detroit are helping Detroit businesses grow and create jobs. These investments have enabled companies like Global Titanium (pictured here) and Sakthi Automotive to expand their facilities and operations, creating jobs and economic opportunity across the city.



A STORY OF PARCELS

Most people seeking to change the world might not think that mapping parcels of land would be the obvious place to start. But for **Jerry Paffendorf, CEO and Co-Founder of Loveland Technologies**, it makes perfect sense.

Using public information – property records, ownership, taxes, foreclosures, zoning and more – combined with the collective power of individual smartphones, Paffendorf and his team at Loveland are on a mission to map every parcel of property in America – starting with Detroit.

“The parcel is the most fundamental unit of how we organize and divide the earth,” says Paffendorf. “The U.S. was the first country founded on private property. We were also the first country built on public information.”

Photo: Jerry Paffendorf, CEO and Co-Founder of Loveland Technologies

Good Data = Better Decisions

The idea behind the effort is simple: If you don't have good data, you can't make good decisions.

"We're building a pair of X-ray glasses that will allow us to completely transform how communities use land, tax residents, expand and conserve," says Paffendorf.

Paffendorf started the effort in Detroit, the city he calls home and where Loveland was launched in 2009. He saw the immense challenges all around him - tens of thousands of blighted parcels, a diminished population and a gutted tax base - and reckoned that providing city leaders with a clear picture of Detroit's properties was an essential step to solving them.

"There was an underlying information problem in Detroit," says Paffendorf.

"When you have a city that goes from 2 million people 50 years ago to 600,000 or so now, you have a lot of excess properties."

By consolidating dispersed - and often difficult-to-access - public information and putting it online, Paffendorf and his team are arming city leaders, residents, nonprofits, investors and others with

actionable information to make more informed decisions about how to improve their communities.

The Motor City Mapping Project

In 2013, Paffendorf proposed a citywide property survey and, thanks to civic leaders like the Kresge Foundation and Skillman Foundation, the Motor City Mapping Project was born. Using Loveland's technology, a team of local residents armed with smartphones and tablets surveyed, photographed and uploaded information about every one of the city's 385,000 properties. Today, residents are invited to keep the data current by using Loveland's "Blexting" mobile app to update information as parcel conditions change.

With the added support of JPMorgan Chase, the result is a comprehensive database that has been an invaluable resource in the city's redevelopment efforts. It has given the Detroit Land Bank the tools to better manage its large portfolio of vacant and foreclosed properties. It is also enabling the city to take a more data-driven approach to reforming property taxes, developing real estate, budgeting, rethinking public services and more.

The Motor City Mapping Project has clearly had system-level impacts in Detroit. But it has also had profound ones on an individual level. "We hear over and over

from people that they have used the database to find and buy homes," says Paffendorf. "Or that it's helped them avoid tax foreclosure and stay in their homes."

While Paffendorf's mission to map the world was born and refined in Detroit, it quickly expanded its horizons. "We started to humbly map one area of one city, but we stumbled into the ability to do this anywhere," says Paffendorf. Today, Loveland has mapped nearly 100 million parcels across the United States, using public records and crowdsourced data contributed by individuals through their smartphones.

Paffendorf points out that while Detroit's challenges may be extreme, all communities can benefit from the type of data Loveland is making accessible - whether, like Detroit, they have faced big population declines and a shifting economic base, are focused on environmental conservation, or are concerned about the rising cost of real estate or any number of community planning and quality-of-life issues.

Meanwhile, Paffendorf is busy following where his vision leads. "With this technology, we're making 'Detroit: The Movie,' but we only have a couple of frames so far. We know there are no quick fixes, but there are lots of positive indicators." And thanks to Paffendorf, it's a good bet that movie will show the rebirth of one of America's great cities.



DETROIT SERVICE CORPS

We are putting the expertise of JPMorgan Chase employees to work in Detroit.

Financial capital is just one of the resources JPMorgan Chase is bringing to bear in the effort to bolster Detroit's recovery. Through our Detroit Service Corps, some of our most talented employees from around the world are putting their skills to work in Detroit on behalf of our nonprofit partners, to help them strengthen their capacity to make a difference.

To date, we have sent three teams of employees - a total of 36 individuals representing eight countries - to Detroit to work full time for three weeks, lending their skills and experience to help our partners meet a particular need. Detroit Service Corps members have collectively contributed nearly 5,400 hours of their expertise, assisting with everything from business plan development to human resource management.

Accounting Aid Society | Detroit Land Bank Authority | Eastern Market Corporation | Eastside Community Network | EcoWorks | Focus: HOPE | Greening of Detroit | Michigan Community Resources | TechTown | Vanguard CDC | Youth Development Commission

Big DATA

The JPMorgan Chase Institute is a global think tank dedicated to delivering data-rich analyses and expert insights for the public good. Drawing on JPMorgan Chase's unique proprietary data, expertise and market access, the Institute aims to help decision makers use better facts, real-time data and thoughtful analysis to make smarter decisions to advance global prosperity.

TO DRIVE BETTER POLICYMAKING

JPMorgan Chase gathered three leading experts in the data, economics and policymaking fields to talk about how data can be used to drive economic progress. Here are excerpts from the conversation.



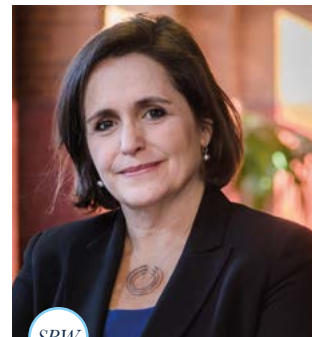
Diana Farrell

Founding President and CEO of the JPMorgan Chase Institute



Robert Groves

Provost of Georgetown University and former Director of the U.S. Census Bureau



Sarah Rosen Wartell

President of the Urban Institute

What is changing about the way data are collected?

RG We are at a turning point. The paradigms of the 20th century aren't surviving. The most basic one is the sample survey, which is a wonderful device when it works well, and is the foundation of social and economic data. But that device is fraying at the edges. Participation in surveys is going down, and the cost of original data collection is inflating at an exponential rate. At the same time, we see the growth of data from other sources, all of them digital in some fashion. The real puzzle of this century, I believe, is how to navigate a world that will blend those together. I don't think we will abandon the old paradigm. We have to morph it in the presence of these new data.

SRW The exciting thing is that the new data can help us complement the limitations of the existing data sources, which are not always as timely or granular as we would like. With existing data sources, there was great virtue of consistency, but this also meant that you couldn't always ask the question that was top of mind at a given moment. Some of the new data sources can help us answer those questions.

"We can introduce a new level of discipline to the questions of inequality and equity that vex policymakers, to help them really isolate the thing they're trying to fix," says Diana Farrell, Founding President and CEO of the JPMorgan Chase Institute.

DF More and more of these new data sets are what you might characterize as naturally occurring data. They have nothing to do with what we're trying to observe, except they are a window into it.

RG Yes, I sometimes refer to these new data as "organic data" because they are not designed for any particular purpose other than as an auxiliary monitoring device of some process, and not data that were designed to answer any particular question. Our real challenge is how to locate the data that might be relevant.

DF Right. And they may not answer all of the questions we're trying to answer, so I think the complementarity of these two is really important, because we need both aspects - survey-based and "organic data."

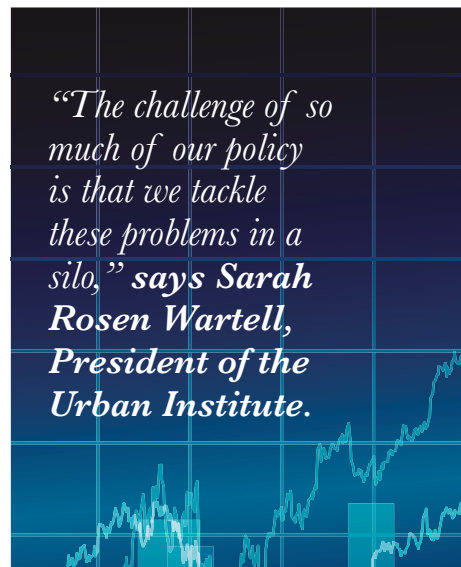
What promises do big data offer for promoting economic inclusion?

SRW Big data can help us get a better understanding of economic inequality. This is so important right now. The research tells us that a poor kid who grows up in Atlanta has far less of a chance of having good life outcomes than a poor kid who grew up similarly in Salt Lake City. What's happening in those cities? What's happening in those economies? What's happening in those schools? Now data can tell us about these different life experiences and where we can shape them to create more opportunity.

DF One of the biggest promises of these new data sets has to do with the questions you're raising, Sarah. We're not going to answer the questions about why someone in one city thrives while another person in another city doesn't until we get pretty granular. We need to have control groups that allow us to compare one to the other, and to really

isolate the things that we're looking at. We already see that we can do a lot more of that with big data. So I think that we can introduce a new level of discipline to the questions of inequality and equity that vex policymakers, to help them really isolate the thing they're trying to fix.

SRW The challenge of so much of our policy is that we tackle these problems in a silo. Juvenile justice, workforce development and child care are all different sets of data. Big data give us the opportunity to combine some of that. The data that we're talking about here are not just either governmental records or in the private sector. They're also in the nonprofit sector. They may not even be big data. They may just be middle-sized data pulled together, creating architectures that allow people to pool their information with someone else's to understand a person's life.



What are the limitations of big data in this area?

DF There are challenges to getting data that are fully representative. There's no question that our data, because they are bank data, have a limited view of the unbanked and underbanked. We know that. Politics play a role in getting representation right, in the sense that it matters a lot who's counted and who's not on any number of different issues.

SRW Yes, there are people who don't have access to the same types of transactions and services as others, and often these transactions and services are collected, analyzed and used to generate insights. If you draw policy conclusions from data that unfairly represent parts of the population, by either over-inclusion or under-inclusion, you're going to make policy that doesn't fully reflect the population's needs.

We're sort of in the "Wild West" of data, which I think we will eventually sort into a more structured world. But there's a real risk of people drawing conclusions from information that could exacerbate some of the inequalities in our society. There needs to be people who understand the inherent biases in our data sets.

RG I'm with you entirely, given the critical fact that big data don't cover certain subpopulations. We have to be very purposeful in having contrast groups that are related to the missing cases so that we can query the big data on whether there's any evidence of variation on the dimension missing, such as income. If we are rigorous on that, then that's a step forward. Every time there's a big data report, there should also be an independent critic to discuss the pluses and minuses. We're missing that kind of watchdog.

DF I would add that the more that we can understand the heterogeneity of outcomes and ask what this tells us about the impact that any given intervention will have on the least well-off - or the least represented - the better we'll be able to address the issues of income inequality.



How can big data become a catalyst for the private sector to better serve more of the population?

SRW We can take advantage of big data mining to market to people, but we also can take advantage of big data mining to educate people. This can be valuable when they're going to make a decision whether or not to swipe a credit card, or to buy a house that is more expensive than they can afford. So it's not just the policymakers that can use these data to inform. We can use these data to create tools that can help the private sector do a better job of serving more of the population.

DF One of the most promising things that resulted from the Institute's income and consumption volatility report was that JPMorgan Chase separately funded a prize for helping people manage their liquidity issues. It was encouraging that these applicants for the prize were driving real behavioral change. For example, in one app people get a notice that tells them they are below their minimum balance, so that they can hold back and change their behavior. So I think you're right, Sarah. It's not just about policy. It's about business products and services, and individual behavior as well.



RG That may be the definition of the new social trust model for the 21st century. In the last century, the model was to participate in the survey and the whole country would benefit, but you individually got little or nothing out of it. But now, we may have a model where big data actually contribute to improving the lives of individuals who are supplying the data.

Watch more of the conversation at www.jpmorganchaseinstitute.com

THE POWER OF DATA TO ADVANCE

Global Prosperity

Data hold the formidable power to drive economic progress in ways that create more broadly shared prosperity.

As the global economy has become increasingly complex and fast-moving, real-time and robust data are ever more crucial for understanding our most pressing challenges – and the solutions needed to tackle them.

But accurate and timely data have often been hard to come by, making it difficult to truly understand the dynamics at play in the economy and for decision makers to target resources toward the best solutions. But that is changing. Today, we are in a golden age of data, when new technologies and other advances have made it possible to collect, analyze and share data in ways, and on a scale, that a generation ago would have been unimaginable.

As we do in our business, JPMorgan Chase is harnessing the power of data to inform and drive our efforts to expand economic opportunity and catalyze more inclusive growth. Effective action requires a thorough understanding of the best way to make an impact. We are making strategic, targeted philanthropic investments around the world based on research into the problems facing our communities and the solutions that work. Where the research doesn't yet exist, we are supporting efforts to create new data and undertake novel analyses.

Data are our compass, pointing the way toward solutions. Data empower policymakers, innovators, business leaders and consumers to make informed decisions that might seem like small steps, but when taken together can be huge leaps toward advancing global prosperity.

Here are just a few examples of how JPMorgan Chase is using data to drive our efforts:

THE GLOBAL CITIES INITIATIVE

provides metropolitan leaders with data that enable them to develop more effective strategies to grow their economies, increase exports and create jobs.

NEW SKILLS AT WORK

uses data and analysis to provide cities around the world with the most up-to-date information on the jobs that are being created in their communities and how they can better train people for those jobs.

THE JPMORGAN CHASE INSTITUTE

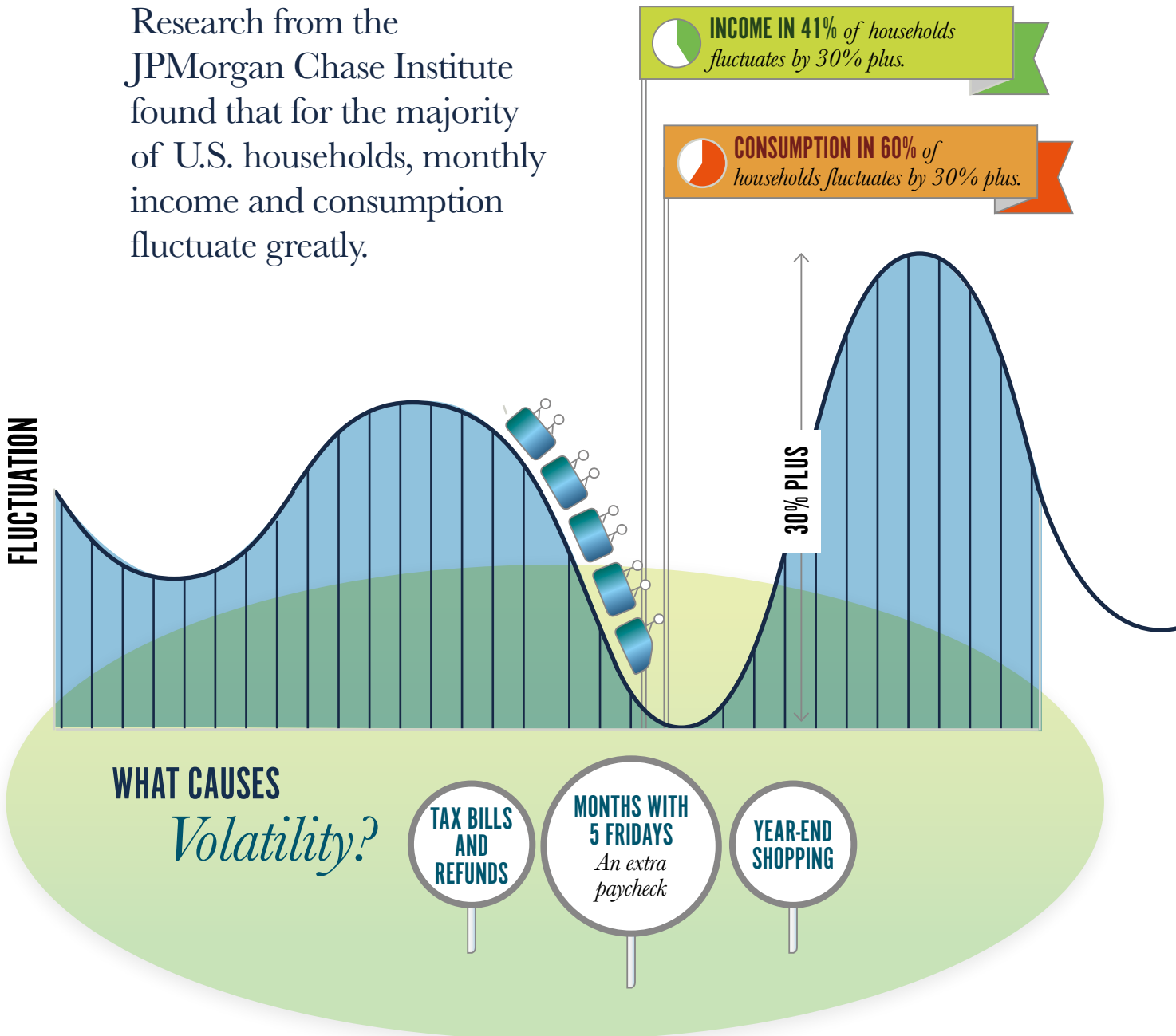
conducts analyses on our extensive proprietary data to inform more sound policymaking, business decisions and product innovations. Topic areas include how consumers spend in local communities and how individuals earn income across different cities and regions in the United States.

HOW

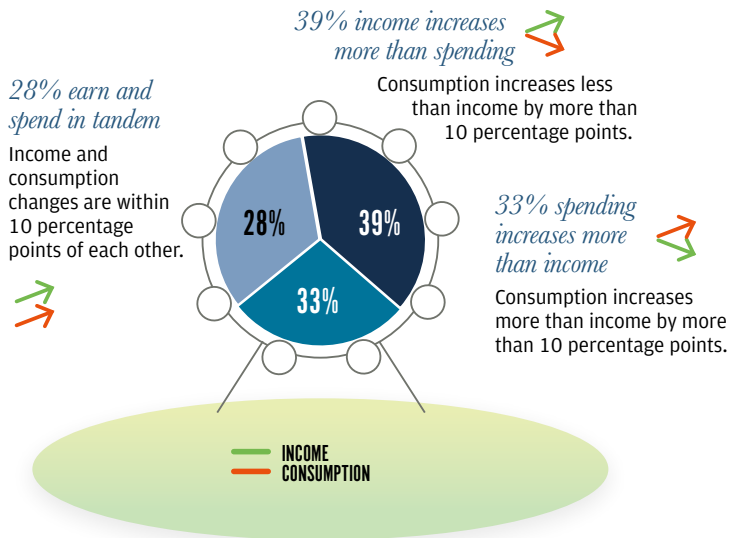
Volatile

ARE AMERICANS' PERSONAL FINANCES?

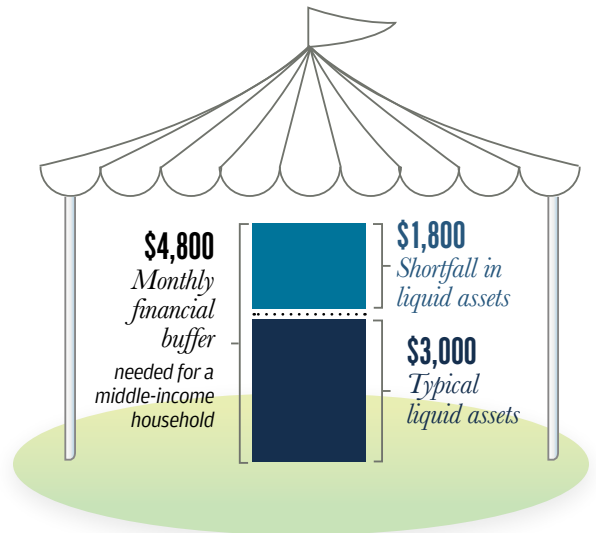
Research from the JPMorgan Chase Institute found that for the majority of U.S. households, monthly income and consumption fluctuate greatly.



How Do Americans RESPOND TO VOLATILITY?



The Average Household DOESN'T HAVE ENOUGH OF A FINANCIAL BUFFER TO WEATHER ONE MONTH OF VOLATILITY.



HOW CAN WE OVERCOME VOLATILITY?

Through innovative tools, products and programs, we can help individuals better manage and mitigate their financial ups and downs.

THE FINANCIAL SOLUTIONS LAB, managed by the Center for Financial Services Innovation with founding partner JPMorgan Chase, is working to catalyze the development of technology-enabled tools to help individuals improve their financial health.

It's expensive to be poor.

A cruel irony of today's financial system is that those who can least afford it are the hardest hit with high fees, high interest rates and high risks.

While many banks are now offering core banking services that are safe, transparent and specifically designed to meet the needs of low- and moderate-income consumers, often that isn't enough. Many people, struggling to pay their bills, turn to payday lenders, check-cashing outlets, pawnshops and other costly alternative financial services. This only perpetuates the pervasive problem: The unfortunate reality is that the less money people have, the more likely they are to spend it on these kinds of services. But a welcome shift is on the horizon. As mobile apps and increased connectivity transform the world around us, innovators are using these tools and resources to tackle the massive problem of financial instability.

By harnessing the power of technology and the energy of entrepreneurialism, new and creative products are coming to market designed to meet the needs of a group of consumers that has too often been ignored.

Identifying, building and scaling these technology-enabled tools is the focus of the Financial Solutions Lab. Launched in 2014, the Lab is a community of startups, technology companies, designers, behavioral economists and nonprofit organizations that focus on identifying, improving and scaling innovative tools. The Lab's goal is simple: To find solutions that improve the financial lives of hard-working Americans.

Tackling Financial Instability

One App at a Time

By Noah Wintroub

We live in a time of unprecedented growth and prosperity. The reach of global business, drive of entrepreneurialism and advent of technology have fundamentally increased opportunities for much of humanity. Against this dynamic backdrop, however, too many people are at risk of being left behind.



Noah Wintroub is a Vice Chairman of Investment Banking for J.P. Morgan and an adviser to the Financial Solutions Lab.

Economic insecurity creates incredible day-to-day stress, erodes financial health and makes it nearly impossible to plan for the future. For those individuals forced to turn to high-interest loans and incur high fees as they struggle to pay their bills, it's clear that it's too expensive to be poor.

And this is not just an isolated problem for any one group: A crucial connection exists between individual financial stability and the overall health of the economy. Helping people establish a strong financial footing lays the foundation for prosperous individuals, communities and economies. As my parents taught me, you are only as well off as the least fortunate in society.

As the data from the JPMorgan Chase Institute show, a key source of economic instability is income and consumption volatility - the financial ups and downs that result from irregular paychecks, emergency expenses and tax bills. Such volatility spans the income spectrum and is exacerbated by the fact that most people spend more than they earn and don't have nearly enough emergency savings.

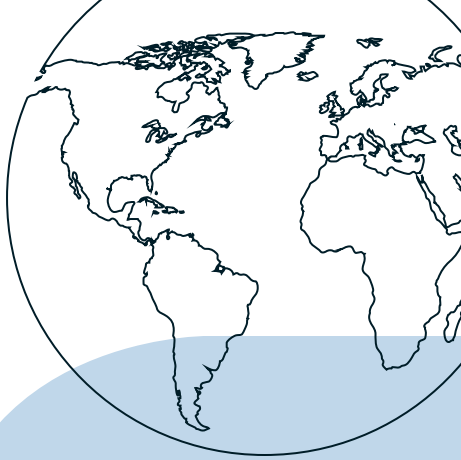
Two years ago, JPMorgan Chase committed \$30 million and the expertise of our firm to help launch the Financial Solutions Lab managed by the Center for Financial Services Innovation, a pioneering effort to incent the financial system and technology community to better serve the underserved. The Lab works to address financial instability through a series of competitions to find next-generation financial products and services to improve consumers' financial health.

There's a clear market opportunity for financial solutions to manage the highs and lows of income and expenses, designed to meet customer needs. However, it hasn't always been clear how to execute such solutions. Historically, there has been a significant lack of capital and support for innovators to get beyond their product launch to proof of concept. In addition, the barriers for innovators to build scalable financial products are significantly greater than the challenges facing innovators in other fields.

\$3 million



INAUGURAL COMPETITION



▶ The Lab's inaugural competition, in 2015, which focused on identifying solutions to income and consumption volatility, received about 300 applications from technology innovators around the country.

A panel of judges - national thought leaders in behavioral economics, technology, financial services and design - whittled that number down to nine winners. These winners included both for-profit and nonprofit organizations that are building solutions that creatively address the challenge of managing household finances on a tight budget, including helping people save money, manage their bills, access short-term credit, reduce debt, manage cash flow and prepare for unforeseen expenses. Of course, no single solution will seamlessly solve the vexing problem of financial instability. But these companies are working on solutions to the range of obstacles blocking the way - solutions that, when taken together, can provide a path to solid financial ground.

The \$250,000 award that each winner received provided critical funding to help his or her company accelerate its growth. But capital is only part of the prize. Each winner also received strategic support such as expert technical advice, design assistance, access to networking events and mentoring and collaboration with Lab experts. In addition, the nine winners were offered introductions to JPMorgan Chase experts across our lines of business who could answer questions crucial to their companies' success, such as how to better engage with digital consumers, partner with banks, improve their fundraising pitch or understand industry regulations.

And by bringing the winners together, the Financial Solutions Lab helped create a community that shares ideas and understands a broader view of the causes of and solutions to financial insecurity.

Financial inclusion is an important element of inclusive economic growth. It can help people start and expand a business, invest in education and handle an unexpected emergency, not to mention reduce poverty and inequality. It's really an essential component to reaching our societal goals.

thinking about what caused the debt, or how to enroll in social service programs. It forced me to think about how we can all work together to address different needs."

Building on its success, the Lab is launching its second competition, which focuses on solutions to help weather financial shocks.

For me personally, having the opportunity to be part of the Lab is among the most gratifying work I have done in my nearly 20 years at JPMorgan Chase. As the father of young children, I have both great excitement about what the future holds and a deep sense of responsibility to try to make the world a better place. With the graduation of the first class of Lab winners, I am proud to say that we are making real progress improving the lives of the people and communities we serve.

"Looking at all of the companies in the cohort allowed me to see the customer holistically," says Jerry Nemorin, founder of LendStreet, a lending platform that helps borrowers reduce debt and rebuild credit. "I'm thinking about how to get people out of debt. But others are

PROMOTING FINANCIAL HEALTH ON A GLOBAL SCALE

Building off the success of the Financial Solutions Lab, in December 2015 JPMorgan Chase announced its support for the **Catalyst Fund**, a new initiative that brings together impact investors, including

Accion, Grey Ghost, Omidyar Network and the Gates Foundation,

to support breakthrough innovations to promote financial health globally. Catalyst will offer funding and mentorship to pre-investable financial inclusion social entrepreneurs in emerging global markets.

The Fund will provide grants and technical advice to help social entrepreneurs improve products to better serve low-income households. In addition, it aims to generate insights about the frontier of new financial inclusion products, technologies and business models. JPMorgan Chase's funding will be used to support this learning agenda, including data gathering, analysis and events to better understand emerging financial inclusion technologies and share the lessons learned broadly.

THE LAB WINNERS

The nine winners of the Financial Solutions Lab's first competition leveraged technology to creatively tackle the pervasive problem of managing household cash flow.



Reduces risk on current loans and rewards the borrower by lowering interest payments for responsible financial behavior.



An automated savings tool that uses an algorithm to move small amounts of money from checking into savings based on spending habits.



An automated child support payment platform that enables parents to share child expenses and exchange child support directly with each other.



A platform for reputation-based borrowing, allowing anyone with a debit card to make small, short-term loans to other trusted borrowers.



Simplifies the SNAP application process by streamlining enrollment, eliminating paper documents and providing a phone-friendly mobile interface.



Turns inconsistent income of hourly and part-time workers into a steady salary by saving money from above-average paychecks and boosting low paychecks.



A workplace tool that enables workers to put more wages toward their principal financial goals using a simple, guided mobile experience.



A bill payment and management app that helps people better manage their personal finances by giving them a platform to review, manage and pay their bills for free.



A marketplace lending platform that helps borrowers reduce their debt and rebuild their credit.

A LENDER THAT BRINGS THE

BALANCE *Back*

Debt can be like a tornado, an ominous cloud that gathers force and threatens the safety and comfort of everyone in its path.

Photo: LendStreet
CEO Jerry Nemorin



Many people overshadowed by debt live with the fear that it will envelop them. Lab competition winner LendStreet has taken on this complex issue by helping people get out of debt, rebuild their credit and return to the financial system healthier than when they left.

“People in financial distress need some relief,” says LendStreet CEO Jerry Nemorin. “We’ve created a mechanism to help them succeed.”

Growing up in Haiti, Nemorin was no stranger to people around him dealing with financial insecurity. He personally experienced the stress of living paycheck to paycheck after moving to the United States with his parents at age 10.

By the time Nemorin reached adulthood, he was working in corporate finance. During the financial crisis in 2008, Nemorin helped large companies restructure their debt. “I thought, if we can do this for companies,

why can’t we do this for individuals?” he says. He saw the opportunity to create something different. Integrating aspects of peer-to-peer lending, credit counseling and debt settlement, he founded LendStreet.

The LendStreet model is a lending platform designed to reduce personal debt through restructuring. When a consumer comes to LendStreet, the company works with financial partners to negotiate a discount on their debt, and then pays it off. Passing the discount along to the consumer allows for lower payments – an elegant solution that relieves the borrower’s distress while enabling the bank to still get a return on its loan, rather than write it off completely. LendStreet’s model is unique compared to traditional debt settlement because it allows consumers to get the benefit of the negotiated discount on their debt – which enables them to have lower monthly payments while also rebuilding their credit.

LendStreet increases the consumer’s chance to start fresh by figuring out affordable payments, spreading them out over a time frame that works for them and offering incentives for increasing their financial knowledge. Benefits go both ways: Investors

in LendStreet can earn a return while making a positive impact on people and communities. The idea is gaining traction.

Since January 2014, LendStreet has settled \$1.2 million in debts, with just a 3% default rate.

Winning the competition has given LendStreet a boost. Along with the \$250,000 prize, Nemorin says access to the JPMorgan Chase network has been instrumental in helping the company better understand how to create partnerships with banks, diagnose customers’ financial health and customize financial solutions.

LendStreet has a singular vision for the future, one where predatory lending practices are obsolete and where empowered customers have a clear path toward economic opportunity. “I’ve seen so many people whose distressed financial situation dominates everything,” says Nemorin. “But I believe that you don’t have to let your debt define you. LendStreet is a solution that allows people to re-engage with their families, and with their lives.”

By Chauncy Lennon

SPARKING MOBILITY

by Building Skills

Chauncy Lennon is Head of Workforce Initiatives at JPMorgan Chase & Co.





Creating greater economic opportunity for more people around the world is the defining challenge of our time.

How best to make that happen is the subject of no small amount of debate, but one thing is certain: The path to prosperity lies in stable, well-paying jobs that offer opportunities for advancement. Equally certain is that even as unemployment rates have declined in many countries and communities since the Great Recession, far too many people are still being left behind.

Clearly, the reasons for this are complex, and the solutions equally so. But at the core, helping people get on the path to financial stability - and move up the economic ladder - requires connecting the dots. That means providing access to education and training that are aligned with and build the skills that are in demand in today's economy. It also means employers need to take a different approach to how they invest in training, as well as how they approach hiring, so that the demand and supply sides of the labor market are better linked.

To be sure, mending the broken connections between workers and jobs will not solve all our problems. But it's an important part of the solution. And doing it in a data-driven way can provide employers with the workforce they need to compete, while dramatically improving the lives of millions of job seekers looking to get a foot in the door.

Middle-Skill Jobs for Middle-Class Wages

Middle-skill jobs - those that require a high school education, and often specialized training or certifications, but not a college degree - provide workers with a real and tangible pathway to opportunity. These jobs - surgical technologists, diesel mechanics, help desk technicians and more - not only offer good wages and the chance to move up the career and economic ladder, but they also sustain local economies and underpin business competitiveness.

*“Our city thrives when people earn family-supporting wages,” says **Greg Fischer, Mayor of Louisville, Kentucky.** “And our local economy grows when businesses have the right kind of human capital. That’s why we need to get people into the right kind of training and get them connected to those middle-skill jobs, especially in growing sectors such as health care, information technology and manufacturing.”*

JPMorgan Chase’s analysis of nine metropolitan areas, through our New Skills at Work initiative, revealed that about one in four jobs in those cities are middle-skill positions that pay more than a living wage and require less than a bachelor’s degree. Our analysis also found that those cities are creating hundreds of thousands of these types of jobs. But the pieces of the puzzle aren’t fitting together: There is a gap between employer expectations and the realities that job applicants face.

Photos above and left: Changes in the global economy are spurring new industries and creating high-paying job opportunities for those with the right skills. Brenda Chavarria, a Houston native, enrolled in a welding class at San Jacinto College, a New Skills at Work grantee, to pursue opportunities in Houston’s oil and gas sector.

*“Closing the skills gap is fundamental to the future of the Asian region,” according to **Ronnie C. Chan, Chairman of the Hang Lung Group and Co-Chair, Asia Society.** “In China, for example, there is a considerable mismatch in skills development. A lot of university graduates cannot find jobs, which is amazing when you have an economy that’s growing at 6-7%. So either they are not properly trained or there is a mismatch in the system.”*



Connecting the Dots

Building a bridge between employers and middle-skill workers is good for businesses, economies and individuals. Employers need to be able to hire skilled workers to grow and compete in the global economy. Workers need to be able to access training and education that sets them on the path to fulfilling, well-paying careers. So why aren't those connections happening?

One reason is that firms are providing less on-the-job training than they did in the past when workers - even those with limited skills - could build their capabilities in the workplace. As a result, employers are looking to hire candidates who already have the hard and soft skills that even entry-level jobs require.

Compounding the problem, employers don't always do a good enough job making known what skills they need, whether from simple lack of communication or because of the difficulty forecasting needs. Other times, employers are reluctant to invest in training or collaborate with other firms because they are afraid a competitor will hire away a worker they just invested in.

Photo above left: Luis Anna, a Houston native, has taken advantage of local welding classes at Lone Star College, one of the training providers supported by New Skills at Work, to get advanced certifications, all while finding steady, good-paying work. Pointing out that it is an in-demand skill, Anna notes, "I can always weld." *Photo above right:* Advanced certificates are key to moving up the career ladder. Percy Redd is progressing toward his master electrician certification through Access for All, a program supported by JPMorgan Chase in Detroit.

But not all the problems lie on the demand side of the labor market. On the supply side, the workforce development system has too often been based on what's been called a "train and pray" approach. That means training workers in a vacuum - absent robust and timely data and insight about in-demand skills - and simply hoping they get a job.

The end result is that individual job seekers must figure out how to allocate their scarce time and resources to break into a career that will lead to long-term economic stability. That's a considerably riskier proposition than previous generations faced - and it's a burden that's falling disproportionately on the very same individuals who can least afford a misstep. This is particularly true among young people, workers of color and those with criminal backgrounds, all of whom face especially difficult obstacles.

Data-Driven Solutions

What makes tackling this problem so compelling is that - unlike for so many complex social or economic challenges - the solution is within reach: better connecting the dots between employers, job seekers, and education and training providers. That means developing a system in which employers provide better information on jobs and skill requirements. Where job seekers know the opportunities in their communities and the pathways that will help them get in the door. And where education and training providers align their programs to build in-demand skills. Executing on this depends, first and foremost, on good data and labor market intelligence.

"Quality data allow us to adjust our curriculum and ensure our students are building the knowledge and skills Chicago employers are seeking," says Juan Salgado, President and CEO of Instituto del Progreso Latino. "Because of this, Instituto has sustained job placement rates from our training programs of over 85% in manufacturing and 95% in health care. Industry and employer data are supporting organizations like Instituto to help our communities gain higher wages and obtain a higher quality of life."

Models of Success

This is the kind of data we are supporting through New Skills at Work, designed to enable education and training providers to align their programs with employer demand, and give job seekers confidence that they are acquiring the right skills to land high-quality jobs.

“Students and workers need to know where the jobs are, and what skills they require, if they’re going to make informed decisions about the types of education and training to pursue,” says Andy Van Kleunen, CEO of National Skills Coalition. “An often overlooked reason for good labor market data is to help policymakers make more informed decisions as well. For years, policymakers have directed billions of public dollars toward traditional college studies that they assumed were the only path to a good job. But new data have demonstrated that policymaker assumptions don’t always match labor market realities.”

From Texas to Spain, from Chicago to France, we have great models of programs that are connecting the dots by effectively training workers in the skills employers are hiring for in their communities.

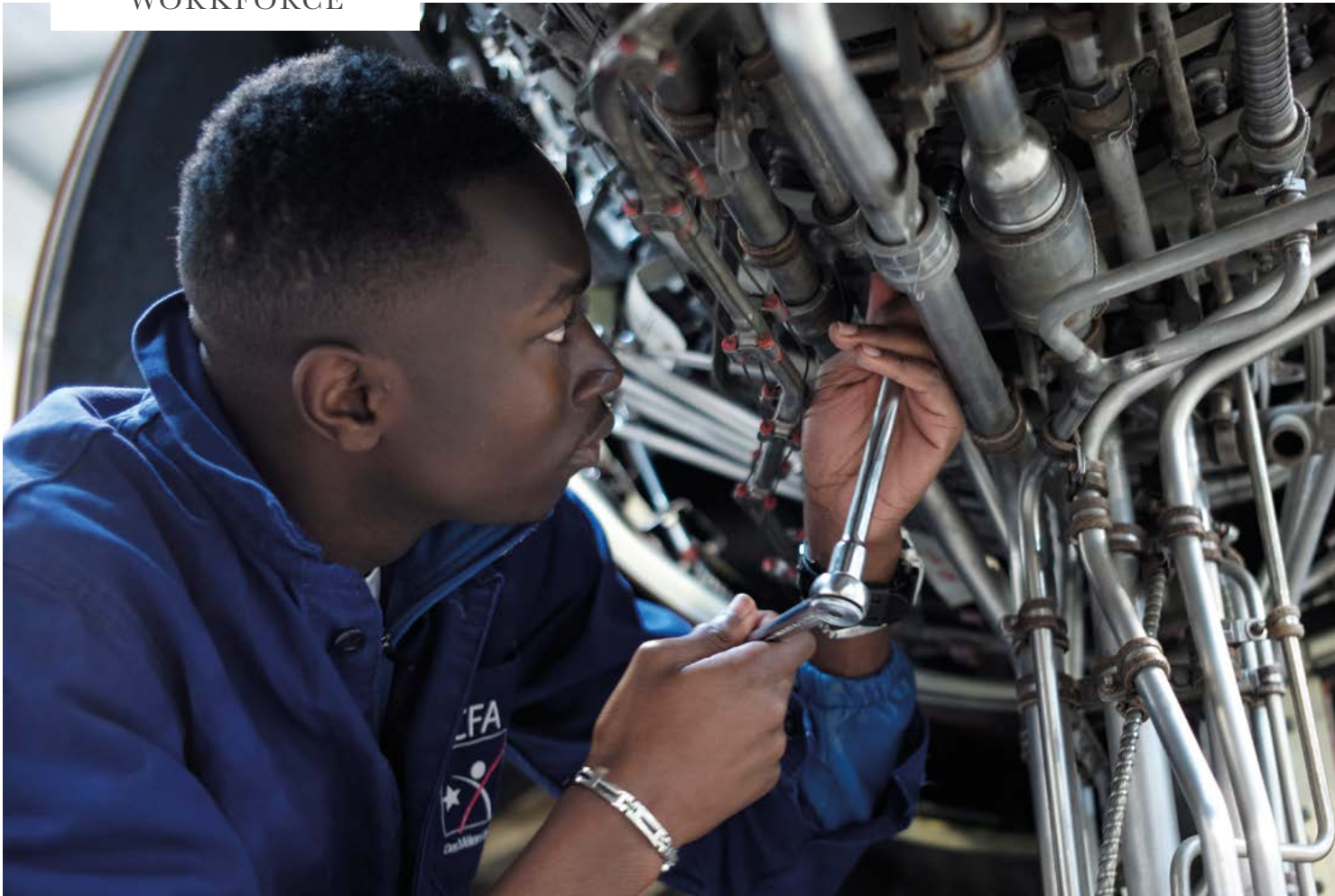
In Dallas, for example, the Rise to Success fellowship pilot program is creating a pipeline of future health care professionals. A partnership between Parkland Hospital and the Dallas County Community College District, the two-year program is for high school graduates not attending a four-year college and is based on an earn-and-learn model that provides hands-on experience in conjunction with classroom learning. After a summer training component, students transition into a part-time position at Parkland Hospital, where they work for the duration of their community college career as well as for a minimum of one year after they receive their degree. In addition to providing on-the-job training, work

experience and a degree, this model ensures students earn more than a living wage when they are enrolled in the program.

Spain’s Alliance for Dual Training (AlianzaFPDual) is a national network of companies and institutions that is working to help young people develop the skills they need to enter the labor market, while helping companies find workers with the right training to meet their needs. The Alliance promotes dual vocation education, through which students alternate between classroom and hands-on learning within participating companies. The program includes an emphasis on engaging small and medium-sized enterprises – which provide nearly three-quarters of Spain’s private sector jobs – to create apprenticeship opportunities.

Photo below: A student at BBW, a workforce and skills training provider and New Skills at Work grantee in Frankfurt, Germany, takes part in a woodworking class that teaches advanced carpentry and construction skills.





In St. Louis, LaunchCode is training individuals from economically disadvantaged communities in coding skills through a paid apprenticeship program. LaunchCode connects candidates to the educational and training resources that meet their needs, verifies they have the skills needed for employment and works closely with employers to facilitate a successful apprenticeship placement. Since its launch in 2013, LaunchCode has placed 230 people, many from nontraditional backgrounds, into apprenticeships with over 100 companies. Ninety percent of

participants have been hired full time after their apprenticeship, and their median annual salary has risen from \$21,250 to \$50,000.

Many successful models are ones that bring employers into sector partnerships, with the goal of building a skilled workforce to support and grow their industry. One organization that is taking this approach is the Greater Houston Partnership, a business group with more than 1,200 member companies.

Photo above: As part of the CFA-AFMAé, a partnership between the commercial aviation industry and technical training providers, students practice real-world mechanical training for aircraft. Through our New Skills at Work global initiative, JPMorgan Chase has committed \$30 million across Europe to support organizations like AFMAé.

“We believe it is essential for employers, along with education and community partners, to have a collective mindset. Houston’s sector-based approach provides us with an organizing lens on the careers and good-paying jobs that have common skills and qualifications. Not only does this improve our region’s competitiveness, but it also provides Houstonians with the opportunity to pursue better lives for themselves and their families,” says Greater Houston Partnership’s President and CEO, Bob Harvey.



Photo above: At Focus: HOPE, a JPMorgan Chase grantee in Detroit, students are prepared with the skills they need to immediately compete for jobs in growing local industry sectors like IT. Here, a student and instructor work on properly dismantling a computer tower.



“AFMAé 2017 is a very ambitious project aimed at developing and restructuring the aeronautic training offerings in Paris’ suburban areas,” says Guy Tardieu, Director General of FNAM. “It is taking a very specific demand-driven approach to help young people better integrate into the labor market.”

Another example is France’s AFMAé (Association pour la Formation aux Métiers de l’Aérien) - a nonprofit vocational training association for the aeronautic industry - that offers an apprenticeship program to give young people from disadvantaged communities the skills and hands-on experience they need to secure employment in the industry. The program is a collaborative effort that brings together the French aerospace industry association Groupement des industries françaises aéronautiques et spatiales, Air France, Paris Airport Group, Île-de-France region and the Federation Nationale de l’Aviation Marchande (FNAM), France’s leading professional association in the aeronautics sector, which represents more than 370 companies.

In Chicago, another sector-based program is helping individuals get hired into the aeronautics industry. With funding from the Chicago Department of Aviation, Skills for Chicagoland’s Future is matching qualified job seekers with companies that have operations at O’Hare International Airport. The program combines specialized job training with strong employer relationships to place high-quality candidates into local jobs. Before the program trains job seekers with in-demand skills, employers provide hiring commitments. In less than three years, Skills for Chicagoland’s Future has placed 1,500 people - many of whom were classified as long-term unemployed - in jobs with 200 airport vendor employers.

Photo below: John Perkins, right, grew up in a construction family and still lives in the house his father built in Detroit. He is pictured here with Bill McCoy, an educator with Access for All, one of the programs JPMorgan Chase is supporting in the city. At age 87, McCoy is still dedicated to passing on his trade. As he puts it: “We help them discover the skills they already have.”



Photo above: Educators and workforce training providers like Lone Star College, a New Skills at Work grantee, tailor their programs to match business sector growth. For example, Houston’s economy has created a growing number of high-wage welding jobs.



These examples, and many others like them around the world, demonstrate the triumph of effective execution, the importance of partnership and the power of using data to drive better outcomes. They also illustrate that arming people - especially those most at risk of being left behind in the rapidly changing global economy - with the skills they need to land high-quality jobs is among the most powerful tools for expanding opportunity.

New Skills at Work

is JPMorgan Chase’s \$250 million global initiative to help close the skills gap and create more opportunities for workers to obtain well-paying, middle-skill jobs – that is, jobs that require more than a high school diploma but less than a college degree.

As part of the initiative, we are providing cities and countries with data and analysis on the jobs that are being created in their communities, information on where there are skills gaps and strategies for how they can better train people for those jobs. We are also using these data to inform our targeted philanthropic investments to strengthen and scale the most effective workforce training programs around the world.

Here are some of the findings from New Skills at Work supported research.



GERMANY

THE OPPORTUNITY

1 million

Germany will have a shortfall of 1 million skilled workers by 2030.

THE CHALLENGE

260,000

In 2014, the youth unemployment rate was 8% – the lowest in the EU – yet 260,000 young people still fail to transition from school to work each year.

JOBLINGE provides skills assessments, training, individual counseling, workshops and internships that are enabling 270 unemployed youth to obtain apprenticeships in technical roles.

BERUFSBILDUNGSWERK SÜDHESSEN adapts vocational training curriculum in elderly care to make it more accessible to young people with learning challenges.

UNITED KINGDOM

THE OPPORTUNITY

1.5 million

By 2020, technology, health, engineering and the creative industries will need at least 1.5 million new recruits in London alone – and there are already 20,000 unfilled vacancies.

THE CHALLENGE

13%

In 2014, the youth unemployment rate in the U.K. was 13%.

THE GOOD JOBS CAMPAIGN, developed by Citizens UK, connects young people with businesses needing talented candidates. With support from JPMorgan Chase, in its first year 500 young people from London state schools and colleges – as well as the 200 Citizens UK member churches, mosques, synagogues and community groups from across London – will receive employability training through the Campaign’s “reboot camp” and be guaranteed an opportunity to apply for a full-time role, apprenticeship or paid work placement with a Good Jobs business.



- REGIONAL AND LOCAL NEW SKILLS AT WORK LOCATIONS
- NATIONAL SUPPORT



SAN FRANCISCO, CALIFORNIA

THE OPPORTUNITY

27%

of jobs in the San Francisco Bay Area are middle-skill positions.

THE CHALLENGE

26%

of African Americans and 28% of Hispanics in the region hold an associate degree or above, compared with 62% of white residents and 57% of Asians.

YEAR UP BAY AREA prepares young adults for careers with the region's largest employers. Year Up's yearlong intensive training program includes hands-on skill development, paid corporate internships and classroom learning focused on professional and technical skills. Staff advisers and professional mentors provide ongoing support. Students can also earn college credit from Foothill-De Anza Community College and can continue on an information and communications technologies pathway. Seven of every eight students who complete the training program are employed and earning competitive wages or enrolled in college within four months of completion.

COLUMBUS, OHIO

THE OPPORTUNITY

Nearly 10,000

middle-skill job openings are projected annually through 2018.

THE CHALLENGE

Over 145,000

Central Ohioans do not have a high school credential - and nearly 30,000 young people are neither working nor in school.

THE CENTRAL OHIO COMPACT is a regional collaborative of dozens of school districts, higher education institutions, businesses and civic partners that is working to strengthen the region's workforce development efforts. Through its FastPath program, it identifies available jobs, provides relevant training to unemployed and underemployed adults, and assists participants in securing jobs. JPMorgan Chase's support is enabling the Compact to expand regional capacity and bring successful initiatives to scale.

MIAMI, FLORIDA

THE OPPORTUNITY

38%

of Miami's jobs are middle-skill occupations.

THE CHALLENGE

Over 20%

of Miami-Dade residents lack a high school diploma or GED.

THE EDUCATION EFFECT, a partnership between Florida International University and Miami-Dade County Public Schools, aligns university expertise, resources and research-based intervention programs, such as dual enrollment, to increase high school retention and credential attainment of the students at Miami Northwestern Senior High School (MNW) and its feeder schools. After four years, MNW's graduation rates increased from 64% to 76%. With the support of JPMorgan Chase, the Education Effect has also enhanced the welding program at MNW, expanding access to this middle-skill career for high school students and adults in the community.



BETTING BIG ON ADDRESSING THE NEEDS OF YOUNG PEOPLE

By Karen Persichilli Keogh

As our economy grows more complex, we need to recognize that there are many pathways to success. Helping students and their families make informed choices about skills and credentials has never been more important.

Our economy produces millions of well-paying jobs for workers who have the right postsecondary education or training, but not necessarily a bachelor's degree. But too few young people are exposed to college and career pathways that do not include pursuing a four-year degree right after high school. As a result, we are failing to provide students - particularly our most economically vulnerable young people - with the skills and experience they need to successfully enter the workforce. Without clear pathways to good jobs, too many young people are ending their education too soon: About 40% of U.S. students in high-poverty urban districts fail to graduate from high school on time and, while most high school graduates intend to earn a bachelor's degree, only about half do.

Karen Persichilli Keogh is Head of Global Philanthropy at JPMorgan Chase & Co.

The result is that economic success is increasingly out of reach for millions of young people around the world. We owe it to them to update the model.

As economies require a more skilled workforce, young workers need training both in and beyond high school - but often not a four-year degree - to find well-paying jobs that offer the chance to move up a career ladder and firmly into the middle class. Economists project that by 2020, more than 60% of new jobs will require more than a high school diploma, but about half of those new jobs will *not* require a four-year degree. However, nearly half of young people enter the labor market without a meaningful postsecondary credential. As a result, they find themselves stuck in low-skill, low-wage jobs or - worse - unemployed and out of school, disconnected from the opportunity to build the foundation for long-term financial stability.

A renewed focus on career and technical education must be at the center of this new model. Even in countries with an established tradition of vocational training, there's a need to expand these programs to reach young people who remain at the margins. We must make clear that these programs are not about putting a ceiling on young people's potential, but about opening the door to shorter, less expensive options that enable students to start good jobs sooner or to earn while they learn, without precluding further education down the line. Today's diesel mechanic apprentice might be tomorrow's mechanical engineer. Today's phlebotomist might be tomorrow's nurse practitioner.

Photo above: JPMorgan Chase Chairman and CEO Jamie Dimon tours Aviation High School in Queens, New York, with Principal Deno Charalambous, a graduate of the school himself.

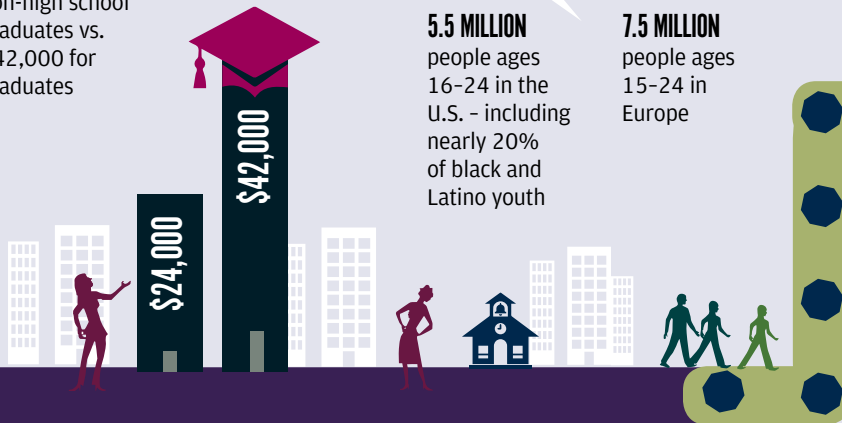
THE CHALLENGE:

Globally, education and training systems are failing the most economically vulnerable young people.



GLOBAL YOUTH UNEMPLOYMENT RATE IS 13% but is >20% in two-thirds of European countries

MEDIAN U.S. ANNUAL WAGE:
\$24,000 for non-high school graduates vs. \$42,000 for graduates



NEW SKILLS FOR YOUTH

Building on JPMorgan Chase's program of investing in promising approaches to increasing economic opportunity, in early 2016 we launched New Skills for Youth, a \$75 million, five-year global initiative aimed at addressing the youth skills crisis and enabling more young people to obtain the education and credentials they need to be career-ready and succeed in well-paying jobs.

As part of the initiative, we are supporting innovative programs in career and technical education around the world to enable educators, policymakers, training providers and employers to identify and replicate the most promising approaches. We are also working with our U.S. partners - the Council of Chief State School Officers, the National Association of State Directors of Career Technical Education Consortium and the Education Strategy Group - to launch a competition among U.S. states to bring effective career-education programs to scale.

By catalyzing transformational approaches to career education, New Skills for Youth aims to dramatically increase the promise of opportunity and the pathway to success for more young people around the world.

Photo below: At schools like Aviation High, students combine rigorous academic education with technical training in high-growth industries. Many graduate with advanced certifications and are prepared for well-paying jobs immediately out of high school.



Creating *Opportunity* in Latin America

JPMorgan Chase's Priscilla Almodovar sat down with Inter-American Development Bank President Luis Alberto Moreno to discuss global economic opportunity and mobility.

Almodovar: In your 10 years at the helm of the Inter-American Development Bank (IDB), you have put a big emphasis on using public-private partnerships to drive economic development. Are there areas besides infrastructure that could benefit from this model?

Moreno: No question. First and foremost, we live in a world where governments have to do much more with less. There's a huge space for public-private partnerships in both health care and education. With education, the challenge is that you find wonderful experiences in every country around the world for a thousand students, but never for 10 million students. I think there are real possibilities to use certain private sector interventions in this space.

Almodovar: What are some challenges of these public-private partnerships?

Moreno: Marrying the two is easier said than done, meaning that the risk appetite differs depending on who you talk to. You have the foreign exchange risk, design risks, regulatory risk and construction risk. If you decide to simply transfer risk to governments, maybe they'll do that partnership but it will probably take 10 years because governments can't take on all these kinds of risks. So, how do you find ways to mitigate these risks across the lifecycle of a public-private partnership so that you can invite more and more private sector actors in this? That's the big challenge going forward. I don't think we're there, but I think doing this in a systemic way will certainly begin to take us there.

Almodovar: What is the IDB doing to address the disconnect between skills young people have and skills that the labor market actually needs?

Moreno: We think about this all the time. We have a program that we developed to focus on a million young people in the hemisphere. We've got a set of major corporations like Caterpillar who need mechanics. Students will take a mechanics course, followed by an internship. People who have gone through this typically have a better than 70% chance of finding a job. So you've got to really think about ways to provide the skills for the future. A million young people is a big endeavor for us, but it's a drop in the bucket given the challenges in our hemisphere, which is almost 600 million people.

Almodovar: How has IDB's work across sectors, especially in education, come together to address inequality?

Moreno: This has been a very big question, certainly in Latin America, for many years. We're still the most unequal region of the world but with a caveat, and that is that over the past decade we started seeing that inequality slowly begin to narrow. Why did that happen? Because of economic growth. Clearly, part of the answer is education. Part of the answer is understanding that we are in a tsunami of a technological revolution, and as that takes hold we need to understand that the skills that the market will demand for the new generation are entirely different than what our schools are doing today.

Almodovar: In looking at your programs focused on large issues like access to health care, education and housing, how do you measure the impact of your investments?

Moreno: If you cannot measure, you cannot have good results. Each and every project the bank does has a baseline. We go in and we know exactly what we want a loan to do. We ask, what does the government or the private sector want to do with this loan? How are we going to measure success? How are we going to measure development impact? We have a whole set of indicators. By the way, that doesn't mean that every project is a success, because development is not an exact science. We learn from the failures. But the bottom line is that, if we cannot measure what we do, we're not doing development.



Luis Alberto Moreno is the President of the Inter-American Development Bank (IDB), which works to reduce poverty and inequality in Latin America and the Caribbean. The bank is the leading source of development financing in these areas through loans, grants, technical assistance and research. Before joining IDB, Moreno served as Colombia's Ambassador to the United States for seven years.



Priscilla Almodovar is Head of Community Development Banking at JPMorgan Chase & Co, which lends to and invests in community and economic development projects in underserved markets across the United States. Her team finances the construction and rehab of housing affordable to low-income families and seniors in more than 80 cities in the United States, and facilitates investments in economic development projects, such as building charter schools, health care clinics and food stores.

By Janis Bowdler

Powering Economic Opportunity

One Small Business at a Time



When it comes to running a small business, sometimes *who* you know matters as much as *what* you know.

Family connections, old classmates or business networks can fling the door open to the right introductions, the right expertise and the right funding. But the door to these resources has been shut for entrepreneurs of color, women and those located in low-income communities. These businesses have often faced major obstacles getting a strong start without the access and advantages these networks provide.

Yet access is exactly what these small business owners need. Given an equal shot at the financial, intellectual and human capital needed to launch a business, these underserved entrepreneurs can and do walk through the door to success. And when they succeed, the benefits reverberate way beyond Main Street.

Janis Bowdler is Head of Small Business and Community Development Initiatives, Global Philanthropy at JPMorgan Chase & Co.

We call these businesses “community commerce” - restaurants, hardware stores, dry cleaners and day cares that boost the vibrancy of existing neighborhoods and revitalize distressed ones. They also have vast potential to power inclusive economic growth: A study by the Association for Enterprise Opportunity found that if one in three microbusinesses in the United States hired at least one person, the economy would reach full employment. Arming these underserved entrepreneurs with the resources to succeed can be one of the most powerful levers for creating economic opportunity broadly.

JPMorgan Chase is tackling the two major challenges faced by underserved entrepreneurs around the world: access to flexible capital and availability of targeted technical assistance. Through Small Business Forward, a five-year, \$30 million global initiative that builds on our long-standing commitment to supporting small businesses and entrepreneurs, we are helping address these two critical needs in parallel. We are also tailoring solutions to meet the needs of women- and minority-owned businesses, all with the aim of helping to generate inclusive growth in the communities where we live and work.

“Providing capital can positively impact small business growth, including those in underserved communities,” says Chase Business Banking CEO Jennifer Piepszak. “But beyond lending, we also believe in the power of sharing intellectual capital: advice, technical assistance and connections to supporting services. There is a broad and multiplying effect of both kinds of capital flowing through a community.”

Putting Flexible Capital in Reach

Turning a great idea into a successful venture takes more than ingenuity. It takes cash, collateral and often a proven track record of positive cash flow. But for many still recovering from the recession, these traditional underwriting standards can present a huge hurdle to getting the capital they need to get their businesses off the ground.

That's where community development financial institutions (CDFIs) come in. These nonprofit organizations serve a critical role by providing flexible capital for borrowers who don't qualify for traditional bank loans. This financing is essentially an on-ramp that enables entrepreneurs to turn their business idea into a reality - and to fulfill their potential to generate jobs and economic activity.

Making connections is at the heart of what JPMorgan Chase does in our communities. "Not only do we make investments to support CDFIs nationally, we also create on-the-ground connections between Chase bankers and these important community partners," says Piepszak. And these connections matter. CDFIs often serve as a bridge to traditional bank loans down the road.

"Capital is critical, but alone it will not solve the entire problem, which is why connecting institutions that provide capital with activities in the community is so important," says United States Treasury Secretary Jacob Lew. "This kind of collaboration can lead to sustained organic growth and is in part why we have seen CDFIs succeed on the ground."

Taking a Global Approach

Our commitment to small businesses extends globally.

In South Africa, J.P. Morgan is working with Fetola, an economic development agency that focuses on enterprise, community and socioeconomic development.

This collaboration applies Fetola's proven small business growth model, developed under the auspices of Fetola's successful Legends Programme, to South Africa's growing green sector. The 18-month pilot supports 25 small and medium enterprises (SMEs) from disadvantaged communities through training, mentoring and partnerships.

Fetola aims to create more high-quality jobs and support entrepreneurship in the waste, water, energy, agricultural, transport and other sectors, in turn helping to address South Africa's pressing challenges of resource scarcity and climate change. Over 500 SMEs applied to the program, which kicked off with a Vision Workshop hosted by J.P. Morgan in September 2015.

Targeted Technical Assistance for Thriving Businesses

Capital is key, but without the right technical skill and networks, small businesses won't get far. They need these things to get their ventures off the ground - or to keep them running smoothly and growing sustainably once they have launched. Knowledge of marketing, business plan development and financial management can mean the difference between running a thriving business and closing the doors.

That's why Small Business Forward's other key focus is supporting efforts to help minority entrepreneurs develop the "back office" knowledge and skills they need to survive and grow, while also helping them create networks and connections with enterprises in similar sectors.

"Small Business Forward provides more than just funding to dozens of nonprofit business development organizations that provide critical support for entrepreneurs to launch their businesses," says Piepszak. "I'm very proud that our bankers are directly engaged with local Small Business Forward participants, sharing knowledge and developing mutually beneficial relationships with entrepreneurs and their champions who run these programs. We support these businesses as they grow, connecting them with industry-specific expertise as well as local business champions."

ENDEAVOR:

REDUCING GLOBAL BARRIERS TO ECONOMIC GROWTH

The barriers to opportunity faced by women- and minority-owned small businesses aren't unique to the United States, and Small Business Forward backs programs that open pathways to economic growth and success for underserved entrepreneurs worldwide.

For example, in countries such as

Argentina, Brazil, Chile, Colombia, Mexico, the Philippines and Singapore

we support Endeavor, a nonprofit organization that identifies, mentors and supports entrepreneurs with the greatest potential to contribute to economic growth and social progress in developing markets globally.

Endeavor takes a long-term, focused approach by identifying entrepreneurs with the most potential for social and economic impact in emerging and growth markets around the world. The organization then connects these entrepreneurs to a network of seasoned global and local business leaders who serve as mentors, advisers, connectors and investors to help them grow their businesses and create jobs. In turn, these entrepreneurs become role models to inspire future generations to innovate. By helping the most promising entrepreneurs develop the skills and networks they need, Endeavor is catalyzing long-term economic growth around the world.

Supporting Minority Business Owners

Nowhere is the challenge of accessing flexible capital more evident than for African American-owned small businesses in the United States. While these entrepreneurs are the fastest-growing segment of small business owners, they face a number of challenges to getting a loan.

African American families were hit hard during the recession, losing nearly half of their wealth, compared to just over a quarter for white families. The impact this had on African American business owners' ability to borrow is clear: Small Business Administration (SBA) loans to African American borrowers declined 47% between 2009 and 2013, even as overall SBA loan volume rose roughly 25% during this same period.

"The fact that many African Americans continue to have difficulty accessing the capital they need to grow their business has a direct impact on the ability to grow family balance sheets and build assets within the community," says Marc Morial, President and CEO of the National Urban League.

To help fill this gap, JPMorgan Chase helped Valley Economic Development Center (VEDC) - a Los Angeles-based CDFI - create the National African American Small Business Loan Fund. Launched in late 2015, the Fund is designed to boost economic opportunity for small businesses that lack access to credit. It primarily serves low-income communities in the three cities home to the greatest number of African American-owned businesses - New York City, Chicago and Los Angeles - and is poised to expand into new markets.

"We are developing a program that will really cater to the needs of that demographic, and truly bring that demographic back into a position where they can receive capital and grow their businesses," says O.C. Isaac, VEDC's Vice President of National Strategic Initiatives.

JPMorgan Chase provided \$3 million in seed money to help VEDC create the \$30 million Fund, which will finance businesses across all industries and provide loans ranging from \$35,000 to \$250,000. The Fund will work with African American entrepreneurs at an early stage to help them lay the foundation for long-term growth, including providing loan recipients with customized up-front technical assistance such as networking, marketing, business plan development and financial consulting.

"We are in this marketplace as an alternative lender to service the needs of these entrepreneurs so they can continue to create jobs and build truly sustainable economies within some of the most underprivileged and underserved markets in the nation," says Isaac.

A similar effort is under way in Detroit, which is home to the fourth-largest number of minority-owned businesses in the United States. The Entrepreneurs of Color Fund is a \$6.5 million fund for businesses owned by entrepreneurs of color and those that primarily hire people of color. Launched in 2015 by the Detroit Development Fund, JPMorgan Chase and the W.K. Kellogg Foundation, the Fund will combine flexible financing and technical support to strengthen continued business growth in Detroit's neighborhoods. The Fund is one part of JPMorgan Chase's \$100 million initiative to support the city's continued recovery.



UNCLE DARROW'S:

BRINGING A TASTE OF THE BAYOU TO LOS ANGELES

No one makes red beans and rice quite like Uncle Darrow's. The Los Angeles eatery, which makes Cajun and Creole food based on family recipes passed down for generations, features healthy versions of Southern food and attracts customers from far and wide.

“What I’ve done with Uncle Darrow’s is not through genius,” says Norwood J. Clark Jr., Uncle Darrow’s CEO and President. “It’s just through will, and being willing to put yourself in a position to learn. Failure is only when you decide to stop.”

Norwood J. Clark Jr., whose family cooked for the New Orleans restaurant Commander’s Palace – the venerable institution where Paul Prudhomme and Emeril Lagasse learned their trade – opened Uncle Darrow’s in a 600-square-foot shack in 1994. It has been operating as a family-owned business ever since. With funding from JPMorgan Chase’s Small Business Forward partner VEDC, Uncle Darrow’s opened a second location in 2015. The new venue offers breakfast and lunch featuring Uncle Darrow’s award-winning recipes, and has a full bar at night.

“Funding from VEDC was a game changer to opening our second location,” says Clark. “We could not have pulled the trigger on the opportunity that was presented to us without the benevolence of VEDC. They were our lifeline.”

The restaurant’s reputation for healthy versions of gumbo, jambalaya, oyster po’boys and peach cobbler has grown slowly and steadily over time. Not that it was easy: “I work seven days a week,” says Clark, now the company’s CEO and President. “A restaurant is

like a child you never leave. You carry it everywhere you go, and you never know what’s coming down the pipeline.” In addition to a few twists and turns, soon another thing came down the pipeline: national recognition. Since its inception, Uncle Darrow’s has received rave reviews and awards for bringing a taste of the bayou to Los Angeles.

The restaurant’s success didn’t mean Clark wanted to rest on his laurels. On the contrary, he had dreams of expanding his vision, and the additional funding – along with skill and a lot of hard work – has made that dream a reality.





HOW TO BUILD GLOBAL CITIES

THAT ARE ENGINES OF INCLUSION INSTEAD OF DISPLACEMENT

BY HENRY CISNEROS
AND MEL MARTINEZ

Cities are increasingly punching above their weight as engines of global economic growth. But, as any boxer knows, to be a contender you need a good one-two punch.

Henry Cisneros is a former Mayor of San Antonio, Texas, and served as the 10th Secretary of Housing and Urban Development under President Bill Clinton. He serves as Chairman of CityView and Chairman of the Executive Committee of Siebert, Brandford, Shank & Co., LLC.

Mel Martinez is a former United States Senator from Florida and served as the 12th Secretary of Housing and Urban Development under President George W. Bush. He serves as Chairman of the Southeast U.S. and Latin America regions for JPMorgan Chase & Co.

One punch is doing the commonsense things it takes to grow the economy and create jobs. The other punch is understanding the reasons why: to boost incomes, improve education and expand opportunity, to name a few. With just the first punch, a city might have a gleaming downtown but lack sustainable policies for the long term. With just the second punch, a city might have great ideas but no meaningful execution.

As more and more cities are flourishing, we face a central global challenge: How do cities realize their full potential without leaving anyone down for the count?

Urban development has historically focused on the structure of the local economy, business development, job creation and, increasingly, education and workforce preparedness. But cities have rarely thought about these issues for the specific purpose of addressing inequality and helping marginalized people. Until now.

Recently, we have seen a shift, with some forward-thinking cities, like Louisville, Munich, Santiago, Singapore and Stockholm, that are working hard to figure out how to be engines of inclusion rather than ones of displacement. They are searching out how to create more opportunity, rather than more disparity. These cities acutely understand that if the positive benefits of their growth are not shared evenly across their neighborhoods and among their residents, this growth simply won't be sustainable.

This shift is happening at the same time federal government's capacity - or willingness - to be involved in urban development is receding. So we find ourselves at an inflection point: With national governments taking a step back, cities around the globe now have the golden opportunity to become masters of their own destinies.

Cities that are embracing this fundamental change understand that inclusive growth requires a different kind of development strategy. It needs to start with strong leadership, which, as we've seen firsthand, can change a city's destiny. Mayors must have a clear vision and a strong will, but they also need to be able to build consensus and create meaningful partnerships. Cities cannot be truly inclusive without public, private and not-for-profit institutions all pulling together.

Community development financial institutions, which bring vital capital to the neighborhood level, are a particularly critical part of the partnership equation. As some of the larger forces - such as the offshoring of jobs and decline in certain industries - move us in the direction of inequality, we need these kinds of institutions pulling us back in the direction of equality and opportunity.

Around the world, cities are making a comeback. But if they are to become platforms for social progress, they must take a thoughtful and multifaceted approach that makes inclusion an intentional part of the local strategy.

This approach needs to focus on business growth and wage growth. It needs to support public schools, community colleges and workforce development programs that bring even the most marginalized people into the fold. It needs to create affordable housing and target those who are at risk of getting squeezed out of the urban core. And, of course, it requires great leadership, strong partnerships and adequate capital.

When all these pieces come together, it is the one-two punch that can help cities be the champions of inclusion, equality and opportunity we believe they have the potential to be.

The Global Cities Initiative

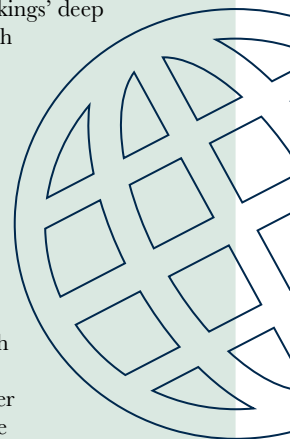
ARMING CITIES WITH THE DATA, TOOLS AND NETWORKS TO THRIVE IN THE GLOBAL ECONOMY

In today's increasingly urbanized world, cities hold the key to driving the economic growth that will create more jobs and opportunity for more people. Through the Global Cities Initiative (GCI), a joint project of the Brookings Institution and JPMorgan Chase, we are helping cities and metropolitan areas realize their potential.

Launched in 2012, the initiative combines Brookings' deep expertise in fact-based, city-focused research with JPMorgan Chase's market expertise and long-standing commitment to investing in cities. The program is aimed at helping city leaders to understand their regions' connections to the global economy, and how to grow their local economies through trade and investment.

From Seattle to Stockholm, from Louisville to London, GCI takes a multifold approach. First, it conducts research to provide cities with new insights on their global economic connections such as what they export, where exports go and from where investment comes. Second, it brings together public and private sector leaders to reflect on these insights and share best practices on how to strengthen their global position. Last, it runs the Global Cities Exchange, a learning and action network that helps U.S. and international metropolitan areas develop and implement strategies to grow exports, increase foreign direct investment and enhance global competitiveness.

Since 2012, GCI has worked with more than three dozen cities around the world, released over 20 reports on global trade and investment, and supported more than 30 metropolitan regions in developing and implementing new export strategies.





WHAT SINGLE POLICY WOULD MOST MOVE THE NEEDLE TO EXPAND OPPORTUNITY FOR THE MOST YOUNG PEOPLE



FREEMAN A. HRABOWSKI, III

President, University of Maryland, Baltimore County (UMBC)

Giving youth opportunities for hands-on work experiences before graduating from high school. Germany and Taiwan have focused on apprenticeship and active learning to noteworthy success. In Los Angeles, I observed a class where students were building a greenhouse. They became proficient in proportions and applying geometric concepts, while forgetting their fears about mathematics. At UMBC, we're fortunate to have professors and students engaged with companies and national agencies in real problem-solving. We need policies that encourage school systems and the private sector to build relationships. We also need more professional development for teachers to understand how their work applies beyond the classroom.



STEFANO SCARPETTA

Director, Employment, Labor and Social Affairs, Organisation for Economic Co-operation and Development (OECD)

Investing in the human capital of young people is crucial to ensure them a good and rewarding future and to foster stronger and more sustainable growth of our economies. This should start with investing in early childhood education and care, but then providing guidance in the field of study and education path and facilitating their school-to-work transition. But building skills is only one, albeit crucial, step. It is also important to make sure their skills are properly used in the labor market; this requires a close engagement with employers to ensure a good match and recognition of skills.



SERENA WILLIAMS

World's No. 1 Female Tennis Player and 2015 Sports Illustrated "Sportsperson of the Year"

The single policy I strongly believe would help move the needle for young people is providing them with equal access to education. Education is the foundation of youth. It's an empowering tool that drives us to become engaged in the world around us as we grow. It is the gateway to opportunity and success. All students - regardless of income, gender, religion and any other life circumstance - deserve a quality education. This is why I am committed to creating equal access to education for young people through The Serena Williams Fund. Whether it's building schools, supplying classrooms with essential materials for teaching and learning or providing college scholarships - our goal is to open doors for youth. It's simple - all children should have the right to realize their true potential through education.



BETH COMSTOCK

Vice Chair, GE

Improving access to electricity will unlock the innovation potential of millions of young people. With reliable power, children can read at night, hospitals can refrigerate vaccines, and businesses can run equipment and create jobs. Steady access to power is the bare minimum for entrepreneurs in the emerging digital economy. GE's Global Innovation Barometer shows that emerging markets are even more enthusiastic about the digital-industrial revolution than advanced economies. But innovation is just a vague concept, an out-of-reach ideal, if people don't have reliable power. We'll need to keep investing in new ideas and partnerships to ensure we build the future of industry securely and sustainably.



MARIA SHRIVER

founder of Shriver Media, Special Anchor for NBC News and a leading Alzheimer's advocate

Did you know that 93% of unmarried births are to women who have less than a college degree? Our Shriver Report poll found that single moms overwhelmingly regret not putting a higher priority on their education. We need policies that expand access to education for girls from low-income families; these girls will grow into the women who are the backbone of our economy and our families.



CORNELL WILLIAM BROOKS

President and CEO, National Association for the Advancement of Colored People (NAACP)

In all segments of American society, a prosperous future is dependent on the quality of investment put forth. It is time now, more than ever, to prioritize our next generation of leaders. The most pressing issue affecting millennials today is the current \$1.2 trillion debt sentence that threatens the economic security of young Americans and our nation's broader economic growth in areas such as homeownership and wealth creation. A multidimensional policy that not only promotes college access and affordability but also supports successful graduation and full employment is needed to ensure our youth have a chance of realizing the American Dream.

THE ART OF *Leadership*



The Fellowship Initiative (TFI) – a JPMorgan Chase program that provides intensive academic support and leadership development for young men of color – included a mural-making project with local artists from the nonprofit organization Groundswell.

Edwin George, a TFI Fellow and high school junior in New York City, told us what the project meant to him.

When I first got into The Fellowship Initiative, I was not thrilled about participating in an art project. But over time I've really come to appreciate what the creative process has taught me about brainstorming, collaboration and testing new ideas.

At the start of the mural project, the teaching artists asked us what we think of when we hear the words "young male achievement and advancement." We brainstormed with each other and our mentors to identify themes and pull our ideas together.

Next, we sketched our ideas onto a single piece of paper and started categorizing them by themes, such as community, education, money and jobs. We started talking about how to visually represent those ideas through symbols and colors. The teaching artists helped us combine our ideas into these two amazing, beautiful pieces, which we painted together in just two days.

We used a lot of symbols in the murals. For example, one of the murals has butterfly wings, which represents the evolution of young teenagers: We start small, but then we grow. There's a face that, if you look closely, is also a trophy, and there are two hands grabbing the trophy cup. The idea is that your trophy – your self-worth – is your knowledge. Knowledge is the one thing that will last your whole life. This also represents our focus on furthering our education and graduating from college.

Working on the murals changed me. I learned that everybody has their own opinions about life, and that in order to be a good leader you have to be able to listen carefully and then lead, instead of taking action first and listening later. Learning to listen to other people has helped me to make better choices.



communities

clients

customers

employees

veterans



nonprofits

business owners

schools

hospitals

local governments



Mural art created by fellows at The Fellowship Initiative and artists from the nonprofit organization Groundswell (see inside back cover for more details).

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