A Measure of the Microenterprise Industry

A Report from

MicroTest

FIELD

Microenterprise Fund for Innovation,
Effectiveness, Learning and Dissemination

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March 2003

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Acknowledgments

FIELD staff appreciates the commitment of all MicroTest members who continue to use MicroTest as a way to understand the performance of their microenterprise program, and who entrusted FIELD with their program's MicroTest data. We hope you enjoy this review and analysis of the performance of the MicroTest group.

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Introduction

This report is the second publication from MicroTest to provide and analyze performance data on a large set of U.S. microenterprise programs. Building on the observations in *For Good Measure* it seeks to:

- Provide an in-depth analysis of the performance of the microenterprise development field based on data presented by a larger and more diverse group of programs than the sample in *For Good Measure*;

- Highlight what top performance looks like as it has been achieved by industry leaders in such areas as targeting, scale, program quality, efficiency and sustainability;

- Describe trends in the industry, drawing on three years of performance data from a group of thirty-four microenterprise programs that have contributed data to MicroTest since 1999;

- Provide data for practitioners who want to compare their performance to their peers' performance.

What is MicroTest?

MicroTest's mission is to improve the quality of microenterprise services and the stability of microenterprise organizations over time by promoting the use of common measures to regularly assess performance. As of early 2003, MicroTest includes a large group of practitioners from around the country who work with the FIELD[1] program of the Aspen Institute to measure the performance of their microenterprise program. Annually, MicroTest members complete a detailed workbook that frames key aspects of their microenterprise activities and performance, and enables consistent and uniform reporting of the MicroTest measures. FIELD staff provides all training and technical assistance related to the participation of MicroTest members, develops and updates the MicroTest workbook that programs use to generate and submit their MicroTest data, and provides analyses of MicroTest data. A Steering Committee of practitioners from around the country advises and guides the efforts of MicroTest.

[1] The Aspen Institute's Microenterprise Fund for Innovation, Effectiveness, Learning, and Dissemination (FIELD) manages MicroTest. Please see www.fieldus.org for more information.

MicroTest Performance Framework

MicroTest focuses on categories of outputs by which microenterprise development providers can assess their performance. While each category is not appropriate for every program, this framework captures the "pillars" of microenterprise performance. It is designed to capture a range of performance areas and to mitigate the tendency to evaluate complex programs according to one kind of measure. What follows is an overview of this framework and the types of questions each performance category addresses.[2]

Reaching Target Groups

Who is the program actually serving?
Is the program fulfilling its outreach mission?

Achieving Program Scale

How many clients received credit and/or training-related services?
What is the magnitude of program services delivered in a fiscal year?
What is the volume of lending activity?

Credit Program Effectiveness

What is the size of the portfolio?
What is the quality of the portfolio?
How does the level of risk in the portfolio influence portfolio quality?

Training Program Effectiveness

To what extent does the program succeed in assisting clients to achieve key training objectives?

Program Efficiency and Sustainability Measures

How efficiently does the program use internal resources?
What does it cost to deliver training and credit services?
How self-sufficient is the program?
How diversified is its funding?

Client and Business Outcomes[3]

Are clients starting businesses?
What do businesses contribute to household income?
Are clients moving out of poverty?

MicroTest and the US Microenterprise Field

As noted in *For Good Measure* (pp. 9-12) the average program in MicroTest, compared to the average program in the microenterprise industry (based on data collected in 2001 for FIELD's *2002 Directory of Microenterprise Programs*) is larger, more experienced, more "credit-led," and serves a higher percentage of economically disadvantaged

[2] For additional information on the MicroTest framework and categories of measures, see Karen Doyle and Jerry Black, "Performance Measures for Microenterprise in the U.S," *Journal of Microfinance*, 3, no.1 (Spring 2001).
[3] In 2003 MicroTest members will be encouraged to participate in a client outcomes tracking project with FIELD. This effort will begin to generate data on client outcomes in fall of 2003 and will be presented in future reports from MicroTest.

clients. Because involvement in MicroTest demands a degree of investment in management information systems and staff capacity to track and assess MicroTest performance measures, it is also likely that MicroTest programs differ from the average program in the U.S. microenterprise industry in having a more in-depth and systematic approach to self-assessment. In important respects, however, the MicroTest group is representative of the larger industry: it serves rural and urban areas, as well as women and minority clients, in nearly the same proportions.[4]

About This Report

The report is organized to provide four complementary perspectives on the performance of the microenterprise field, based on data collected by MicroTest. Taking the MicroTest framework as a guide, the report begins with a look at client targeting, moves to program scale, then to program effectiveness, and finally presents and examines cost, efficiency and sustainability issues. For each category of performance, the report follows a similar outline. First, it provides an overview of the performance data on a group of 63 agencies (the 'Total Group') which submitted FY 2001 MicroTest data to FIELD. Second, it examines the difference program characteristics make on performance, placing each program into four 'peer groups' based on its age, geographic setting, poverty focus and service methodology. Third, it presents an analysis of what top performance looks like with respect to specific measures, as it has been achieved by leaders in the MicroTest group. Each section concludes with a look at the performance trends of a smaller group of 34 MicroTest members on whom three years of data (from 1999 through 2001) are available.

Who is in MicroTest?

The Total Group

The total group includes a diverse and representative group of 63 programs that submitted FY2001 data.[5]

MicroTest Peer Groups

Every program in the Total Group has four peer group affiliations, according to its methodology, its age, its geography, and its poverty targeting data. The definitions and distributions of these peer groups are presented below. (For a list of all programs and their peer group affiliations, see Appendix B.)

Each programs falls in one of two peer groups based on its service **methodology:**

- **Credit-Led** programs design and deliver their services with the primary intent of making a direct loan to a microentrepreneur.
- **Training-Led** programs design and deliver their services with the primary intent of helping a client to develop a business through business development consulting, training and technical assistance.

[4] Because FY 2001 data is not available on the entire microenterprise industry this report will not analyze how MicroTest programs compare to the rest of their industry taken as a whole beyond what is available in *For Good Measure*.

[5] The publication "For Good Measure" reports on a group of 56 programs, a somewhat smaller group than this year. Because the total group has changed, the reader is advised not to make comparisons between the findings on this group and that incorporated in the previous publication. Rather, data on the total group should be understood as the most current reflection of the performance of a large and representative sample of U.S. microenterprise programs. Change over time comparisons should be confined to the groups for which trend analysis is available.

The MicroTest group contains 31 credit-led programs and 32 training-led programs.

Programs are also in one of three peer groups based on **geography**:

- **Urban** programs serve a primarily urban clientele.
- **Rural** programs serve a primarily rural clientele.
- **Dual Area and Statewide** (hereafter dual area) programs serve a clientele that is both urban and rural; some in this peer group are also statewide agencies.

There are 26 urban programs, 17 rural programs and 20 dual area programs in the group.

The following table shows how credit-led and training-led programs in the MicroTest Total Group are distributed across geographic regions. The distribution is fairly even, with the exception that the credit-led peer group is somewhat concentrated (45%) in urban areas.

The Total Group by Geography and Methodology

FY 2001 Cohort	Credit-Led	Training-Led	Total
Rural	8	9	17
Urban	14	12	26
Dual-area	9	11	20
Total	31	32	63

Programs are in one of three peer groups based on their **age**:

- **Young** programs are those that started in or after 1996.
- **Experienced** programs started from 1992 through 1995.
- **Mature** programs started before 1992.

Twenty-one programs are young, 19 programs are experienced and 23 programs are mature.

The table below displays how credit-led and training-led programs are distributed in age peer groups. Importantly, experienced programs are mostly (68%) credit-led, and mature programs are 70% training-led.

The Total Group by Age and Methodology

FY 2001 Cohort	Credit-Led	Training-Led	Total
Young	11	10	21
Experienced	13	6	19
Mature	7	16	23
Total	31	32	63

Finally, programs are divided into two peer groups based on the depth of their **poverty targeting**. In determining degrees of poverty targeting MicroTest considers the percent of a program's clients whose household incomes are at or below 150 percent of the national poverty line defined by the U.S. Department of Health and Human Services (HHS).

- **Low-Income Focused** (LIF) programs: At least 40 percent of their clients are at or below 150 percent of the HHS poverty line.

- **Low- and Moderate-Income Focused** (LMI-focused) programs: Fewer than 40 percent of their clients meet this definition of low-income.

There are 23 low-income focused programs and 28 programs focused on a low to moderate income clientele.

Credit-led and training-led programs fall within the poverty-targeting peer groups as follows: 60% of LMI-focused programs are credit-led and 65% of LIF programs are training-led.

The Total Group by Poverty Targeting and Methodology

FY 2001 Cohort	Credit-Led	Training-Led	Total
Low-Income Focused	8	15	23
LMI-Focused	17	11	28
Total	25	26	51

*six training-led and six credit-led programs did not provide client income data, and are not in these peer groups.

Throughout the text more will be said about the concentrations of particular types of programs within peer groups in order to interpret peer group performance.

Top Performance

This publication presents and discusses the top performance of the MicroTest group against specific measures. It is defined by the maximum (or minimum, depending on the data point) measurement received by the top 20% of the reporting organizations for that measure. For example, one measure of top performance in achieving program scale is serving **at least** 370 clients in FY 2001; another measure of top performance in credit program efficiency is having an operational cost rate of **at most** 0.28.

There are several key points that should be understood with respect to this way of identifying top performance.

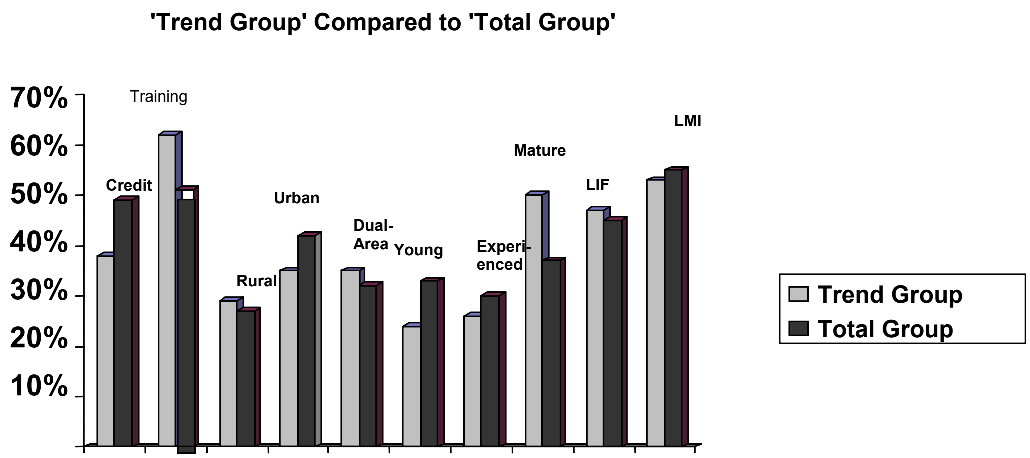
- The intent of identifying this group is to allow readers to understand the highest levels of performance achieved by MicroTest members for key measures. These levels of accomplishment are important markers for practitioner organizations interested in distinct areas of performance, as well as for researchers, funders, and policymakers interested in understanding what the U.S. industry is achieving.
- The organizations represented in the top performance groups differ for each measure. An organization may have achieved deeper targeting, for example, but may not be in any group representing top performance with respect to scale or efficiency, for example. Deeper targeting may require more intensive program designs, which in turn may raise costs per client, or reduce the scale of service delivery. There is no group of organizations that is identified as the top performers across all categories.

Because it is felt that practitioner organizations may be interested in how top performers have achieved their results, the text also contains some information with respect to practices that have been associated with these results. Readers are also recommended to consult other FIELD publications for further learning with respect to best practice.

The Trend Group

The trend group includes 34 MT members that have completed three years of MT data for FY1999 through FY 2001. Trend data is adjusted for inflation in the text and graphs to 2001 dollars.

The trend group differs from the overall MicroTest 2001 cohort in at least two important ways. It contains a higher concentration of training-led programs and mature programs than the overall group. The graph below shows in more detail how the trend group differs from the total group.



A Word about Definitions

There are precise definitions for each of the measures in the MicroTest framework that have been defined and agreed to by MT members. Some of these measures will be defined in the text as each category is discussed, but for a complete list of definitions, turn to Appendix A.

The Performance of MicroTest Agencies

An Overall Look at Reaching Target Groups

MicroTest organizations have given this category pride of place because they understand their mission—their reason for being—is to serve those individuals who have largely been left out of the business mainstream, who have little access to other capital, or have been marginalized (intentionally or otherwise) by traditional small business technical assistance services.

MicroTest considers gender, ethnicity and poverty status as its three principal markers of underserved populations. Programs document the characteristics of each client against these measures at intake. (Outcomes evaluation can indicate how individuals' income status may change after program participation.) Against all three measures, MicroTest programs demonstrate solid (and often exceptional) targeting of their services.

For FY 2001, the data of 63 organizations shows the following:

- These programs serve an average of 60% women (and a median of 56%). This compares favorably to national statistics, which show that women business owners represent more than 39% of all self-employed workers.[6]
- On average, 50% of their clients are minorities (the median is 51%), with differences in the percent of minorities served varying primarily by geography.[7]
- They also serve an average of 64% (and a median of 67%) low-income clients, with low-income being defined as those individuals whose household income is less than 80% of the HUD Guidelines for low-income households.[8]

The Total Group: Outreach to Women and Minority Clients in FY 2001				
	Average	Median	Minimum	Maximum
Women Clients	60%	56%	8%	100%
n=	63	63		
Minority Clients	50%	51%	0%	100%
n=	63	63		

MicroTest also measures poverty in three other ways. In addition to the HUD standard, MT measures the percent of clients whose income at the time of program intake was at or below 100% of the HHS poverty line (a very stringent measure that documents the number of extremely low-income clients served), clients with incomes below 150% of the HHS poverty line (a more realistic benchmark of low-income status), and the number of clients who were receiving TANF benefits at intake. The reporting MicroTest programs documented that, on average, a quarter of their clients were extremely low-income, and almost two-fifths were low-income according to the 150% HHS measure. Eight percent of their clients, on average, were receiving TANF when they entered the program.

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[6] A National Women's Business Council press release dated 1/15/03 says the following: "Women business owners currently represent almost 38% of all U.S. firms with a growth rate twice that of all businesses. They employ one out of every four company workers and contribute $3.6 trillion in annual revenues."

[7] Minority status does not appear to vary according to other program characteristics, such as program methodology, age or low-income focus.

[8] HUD guidelines are local or area-income specific, are used by many community development financial institutions (CDFIs), as well as by programs receiving community development block grant (CDBG) funding.

The Total Group: Poverty Targeting in FY 2001				
	Average	Median	Minimum	Maximum
Clients ≤100% HHS	25%	22%	0%	90%
n=	52	52		
Clients ≤150% HHS	39%	36%	5%	90%
n=	51	51		
Clients ≤80% HUD	64%	67%	12%	100%
n=	52	52		
Clients on TANF	8%	5%	0%	45%
n=	41	41		

Finally, MicroTest measures the business status of clients at program entry, recognizing that the more the client population is pre-business upon program entry, the more challenging it is for programs to achieve positive outcomes, and the more risky any lending they do is likely to be. The data shows that, on average, 33% of all clients entered programs pre-business, 22% had a start-up business (a business that was less than a year old), and 37% had on-going businesses.

The Total Group: Clients' Business Experience in FY 2001				
	Average	Median	Minimum	Maximum
Pre-Business Clients	33%	27%	0%	85%
n=	60	60		
Start-Up Businesses	22%	17%	0%	73%
n=	62	62		
On-Going Businesses	37%	33%	0%	100%
n=	63	63		

Taken together all these measures demonstrate an overall commitment of the MicroTest group to reaching those most in need. It is important to note, however, that there are some striking variations within the group with respect to these measures. These differences illustrate effects that are largely reflective of different methodologies, geography and mission.

What Difference do Program Characteristics Make?

Most importantly, the data continues to show the same key differences in the peer groups as were found in our examination of FY2000 data.[9]

Training programs serve more women clients than credit-led programs, an average of 73% (median 78%) versus 46% (median 50%) for credit-led programs. This difference between the groups reflects the nature of the training group, which includes 12

[9] See For Good Measure, pp 16 – 22.

organizations specifically focused on women, and several who operate Women's Business Centers supported by the Small Business Administration.

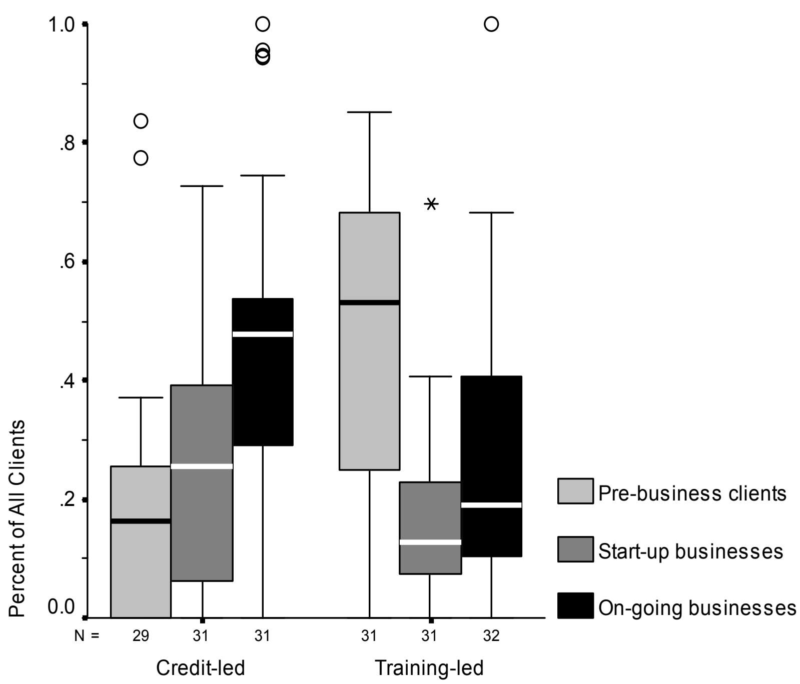
Urban programs serve more minorities than their rural and dual-area counterparts. Urban programs serve an average of 75% minorities (median of 80%) compared to an average of 18% for rural programs and 43% for dual-area programs. It's important to note that several of the urban programs launched their programs with strong targeting to Hispanic and African-American communities. Their success in reaching these numbers reflects both location and mission.

The Peer Groups: Outreach to Women and Minority Clients in FY 2001

(Median figures)	Credit-Led	Training-Led	Rural	Urban	Dual-Area	Young	Exper-ienced	Mature	Low-income	LMI
Women Clients	50%	78%	59%	55%	54%	58%	51%	66%	71%	52%
n=	31	32	17	26	20	21	19	23	23	28
Minority Clients	51%	52%	8%	80%	44%	81%	51%	32%	60%	37%
n=	31	32	17	26	20	21	19	23	23	28

The graph below shows the business status of clients of credit-led and training-led programs. Each vertical box depicts the midrange where half the responses for the group fall. The first box on the left side of the graph shows the range of percents of pre-business clients for 29 credit-led programs. It shows that just two of the 29 credit-led programs serve a majority of pre-business clients (the two circles hovering around 80% of all clients), while the range of pre-business clients served by the other 27 credit-led programs is from 0% to under 40%, and half of the group serves between 0% and 25% pre-business clients. The range of pre-business clients served by 31 training-led programs is higher and broader—half the group reaches between 25% and 70% pre-business clients.

Client Business Status by Program Methodology



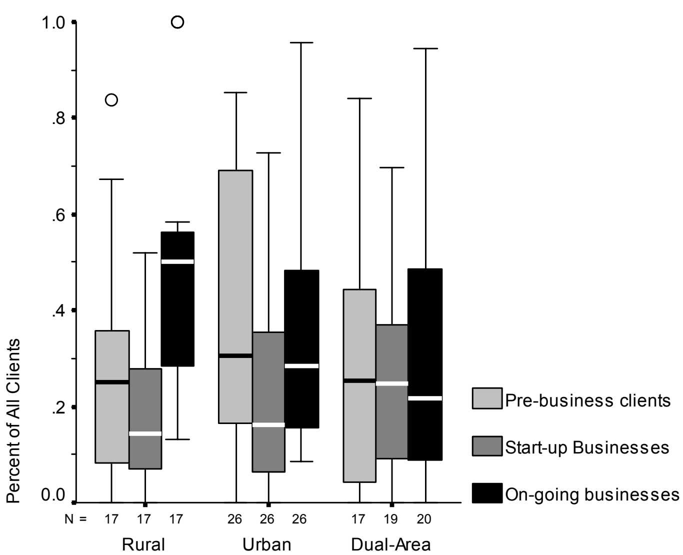
To interpret the boxplot diagrams in this report, note that each vertical box contains half the responses for the group. The horizontal lines through the boxes indicate the **median** value. Lines extend above and below the boxes to show the range of responses for the group. Small circles and asterisks beyond the lines represent outliers and extreme values. Outliers (the small circles) are values between 1.5 and 3 box lengths from the upper or lower edge of the box. Extreme values (the asterisks) are values greater than 3 box lengths from the upper or lower edge of the box.

Methodology strongly influences the business status of clients served. Not surprisingly, credit-led programs serve substantially more ongoing businesses (an average of 47%; a median of 48%) than do training-led programs (an average of 28%; a median of 19%). Credit-led programs also serve more startup businesses (an average and median of 26%) compared to an average of 18% (and a median of 13%) for training-led programs. Obviously, having a business is an important precondition for receiving a business loan. Training-led programs serve many more clients who are pre-business upon entry (an average of 47% and a median of 53%) whereas credit-led programs serve a smaller percentage of clients at this stage of business development. Training-led programs, in large measure, have among their offerings business feasibility and business plan training directly responsive to the needs of individuals exploring business as a career path.

The Peer Groups: Clients' Business Experience in FY 2001										
(Median Figures)	Credit-Led	Training-Led	Rural	Urban	Dual-Area	Young	Exper-ienced	Mature	Low-Income	LMI
Pre-Business Clients	16%	53%	25%	31%	25%	24%	22%	37%	35%	27%
n=	29	31	17	26	17	20	17	23	23	26
Start-Up Businesses	26%	13%	14%	16%	25%	21%	26%	15%	13%	19%
n=	31	31	17	26	19	20	19	23	23	28
On-Going Businesses	48%	19%	50%	29%	22%	30%	44%	33%	33%	42%
n=	31	32	17	26	20	21	19	23	23	28

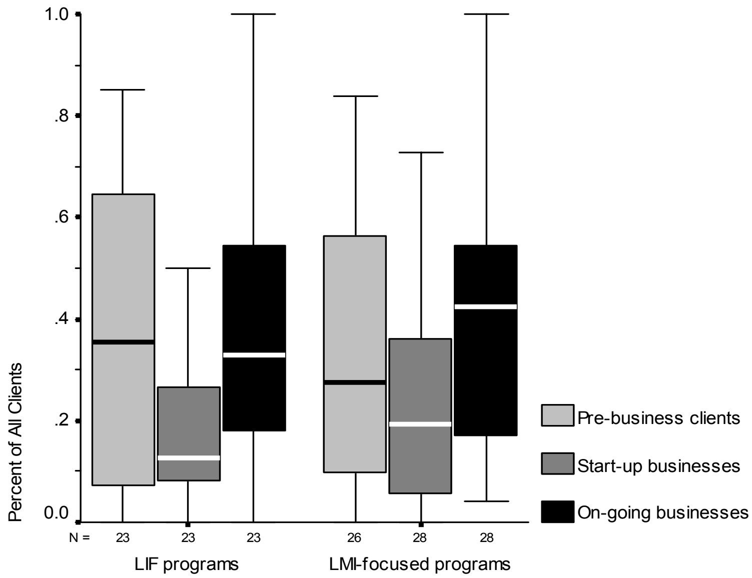
As a percent of their total clients, rural programs serve more clients who operate an on-going business than those who have either a start-up businesses or no business, and rural programs serve a much higher percentage of on-going businesses than either urban or dual-area programs. There is a very wide range of service to pre-business clients among urban programs, from 0% to 90%. Large state-wide or dual-area programs, as a group, appear to have struck an even balance with respect to targeting different kinds of businesses.

Client Business Status by Program Geography



Poverty-targeted programs (those whose client population at intake includes more than 40% of individuals at or below the 150% HHS standard) are somewhat more likely than LMI programs to work with a pre-business clientele. Poverty-targeted programs document an average of 36% of their clients pre-business (median 35%) compared to an average of 31% (and median of 27%) for those with broader low to moderate income targeting. And the average and median numbers for ongoing businesses served by the targeted programs are 39% and 33% respectively, while for the broader programs, the numbers are 41 and 42%.

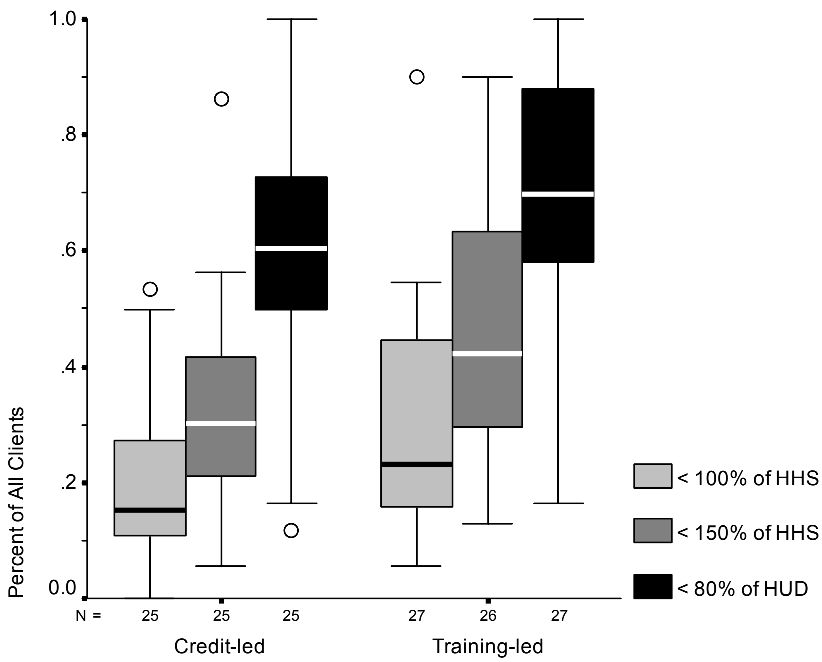
Client Business Status by Income Peer Groups



The Peer Groups: Poverty Targeting in FY 2001							
(Median Figures)	Credit-Led	Training-Led	Rural	Urban	Dual-Area	Low-Income	LMI
Clients <100% HHS	15%	23%	22%	24%	20%	35%	11%
n=	25	27	15	20	17	23	28
Clients <150% HHS	30%	42%	41%	37%	32%	53%	26%
n=	25	26	15	20	16	23	28
Clients <80% HUD	60%	70%	64%	73%	58%	73%	57%
n=	25	27	16	19	17	21	28

Finally, it is important to recognize the strong poverty targeting of training-led programs, which outperform credit-led programs against all three income measures. Training programs achieve this depth of targeting as a result of their missions and methodologies. They are structured to provide intensive services to individuals who are pre-business or not credit-ready when they first seek assistance. Additionally, many training-led programs are part of larger organizations whose purpose is to work with those in poverty; these organizations tend to have missions and services which facilitate outreach to the poorest clients.

Client Income Levels by Program Methodology



What does Top Performance Look Like?

As is noted above, MT defines top performance for each measure by identifying the levels achieved by the top 20% of programs that reported. To be in the top fifth of all MT programs for FY2002, a program would need to serve:

- At least 80% women
- At least 90% minorities
- At least 42% extremely low-income clients (100% HHS)
- At least 56% low-income clients (150% HHS)
- At least 87% low to moderate income clients (80% HUD).

Those programs that achieve top performance with respect to the targeting of women and minorities are clearly mission-driven to serve these populations, and make special outreach to them. So are those programs that are poverty targeted. In each instance, programs have mastered outreach strategies that make sense to these groups of clients, and they execute them well.

Achieving Deep Targeting

Several of the grant clusters funded by FIELD focused specifically on increasing outreach and the level of services provided to low-income individuals, including TANF recipients.[10] The strategies that practitioner organizations in these clusters identified as being important in their efforts to reach low-income clients included:

- Working through community based and social service organizations that have existing relationships with low-income individuals, to conduct outreach to their clients, and in some cases to offer classes on site in their offices.
- Disseminating program materials in community locations frequented by low-income individuals – Laundromats, WIC offices, supermarkets, food banks, housing agencies, etc.
- Marketing via direct mail to recipients of public assistance.
- Offering services in locations that are accessible to low-income clients.
- Developing agreements with departments of vocational rehabilitation and human or social services for referrals, and in some cases, subsidies for specific low-income target groups.
- Ensuring that staff are mission oriented and have experience working with low-income individuals – in addition to possessing business expertise.
- Creating marketing approaches and performance incentives that support and reward staff for reaching the lowest income individuals and neighborhoods.
- Combining an IDA program with microlending, allowing clients an opportunity to build business assets and collateral to support business debt.
- Identifying low-income neighborhoods using geographic information systems analysis.

What do Trends Tell Us?

The trend group meets or somewhat exceeds the average and median targeting data for the total group in terms of outreach to women, and to low income clients (using all four MicroTest measures of income-targeting). Only in its minority targeting does it differ from the total group. Its average (45%) and median (41%) are 5% and 10% less, respectively, than the overall group. On average, the trend group serves about the same percent of clients with ongoing businesses. They serve fewer clients with start-up businesses than the total group (19% versus 22%), but significantly more pre-business clients (40% compared to 33%). This may be because the group contains a proportionally greater number of training-led programs than the overall pool. While training programs compose 52% of the total group, they compose 61% of the trend group.

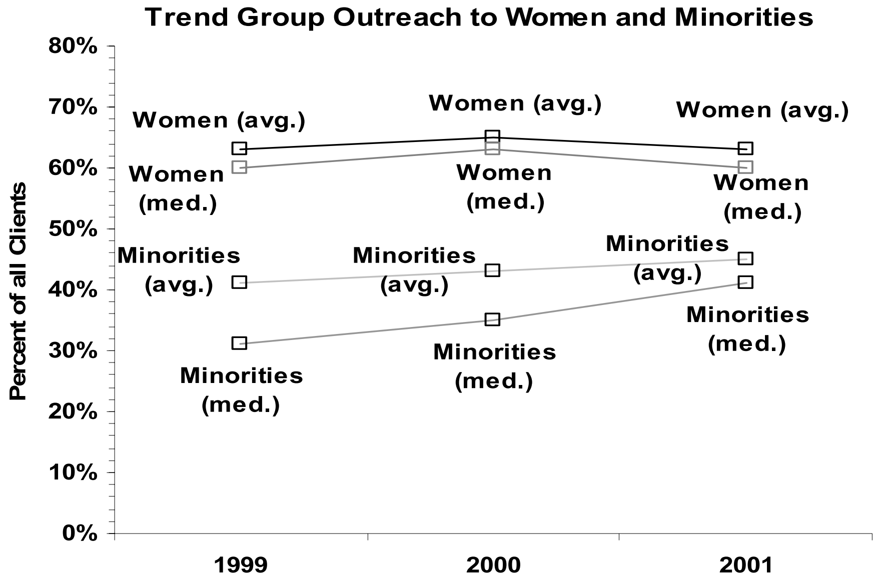
The most important findings from the trend data (n=34 below) are as follows:

- The percent of women served across the three year period has remained fairly constant.
- On average, minority targeting has increased from 41% to 45% over the course of three years. The more substantial change in the median, from 31%

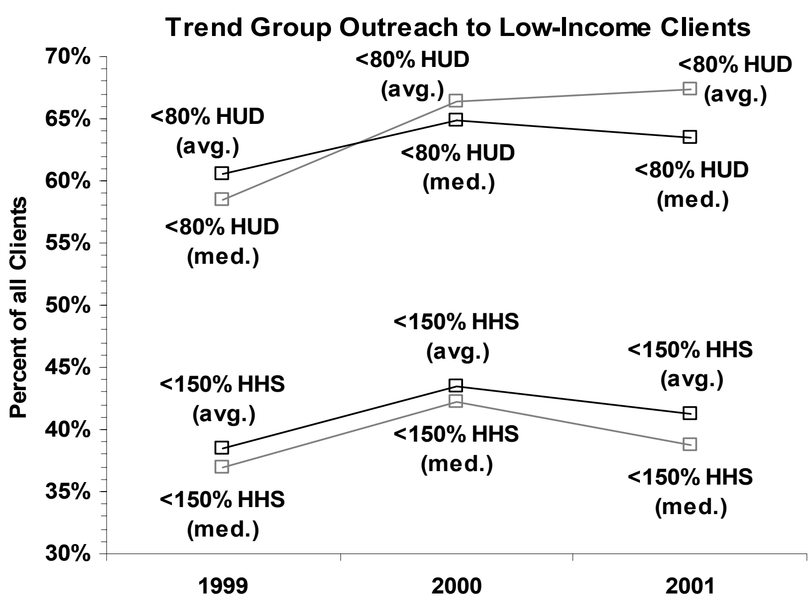
[10] These included the Welfare to Work, Achieving Scale, and Business Financing Products for the Poor grant clusters. For more information, see the FIELD Web site at www.fieldus.org/li/index.html.

to 41%, suggests that several programs have increased their level of minority targeting to move closer to the average for the trend group.

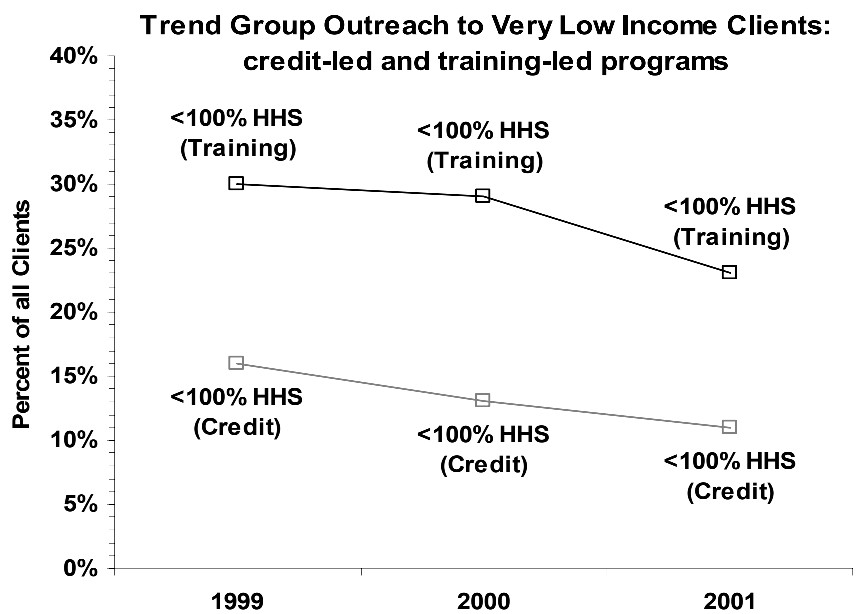
- After increasing from 1999 to 2000, the trend group's targeting to low-income and low/moderate income clients dipped slightly in 2001.



The trend group's average targeting to low and moderate income clients, as measured by the HUD standards, has increased over time from 59% of clients in FY99 to 67% of all clients in 2001, though median outreach figures for the group dropped slightly from 2000 to 2001 (n=30 below). Interestingly, the increasing average outreach appears to be driven more by the training-led programs. Targeting to low-income clients (as defined by the 150% HHS measure) has remained more constant, hovering around the 40% mark all three years. Between a quarter and a third of all credit-led program clients were low-income, while over 44% of all training-led program clients had that characteristic.



Targeting to the extremely poor (represented by 100% HHS) presents a different picture. If one looks at the average over three years, this population has represented about a quarter of all clients served. But if one looks at medians, a more negative trend appears. The median for the credit-led groups (n=11) in this cohort has declined from 16% to 13% to 11% over three years, suggesting that more of these programs were serving fewer clients who met this criterion each year. The training-led programs (n=18) show the same downward trend in the median—from 30% to 29% to 23% this last fiscal year. This suggests that while some strong programs were increasing their targeting at this level, others were diminishing theirs. It is hard to explain why this may be so from the data. TANF targeting has also diminished from an average of 14% in 1999 to 11% in 2001, but this is likely due to changes in welfare policy and the significant decline in TANF caseloads that occurred between 1999 and 2001. For programs interested in their outreach to the most marginal, however, the downward trend at the 100% HHS level should be of concern.



An Overall Look at Achieving Program Scale

The second category of measures in the MT framework relates to scale. The measures in the scale section provide information on the volume of individuals and businesses assisted as well as the volume of credit and training services provided. In 2002, the challenge of achieving scale was identified in the National Microenterprise Strategy Project as a key challenge for the field as a whole. The MicroTest scale measures help MicroTest programs determine whether they are meeting key targets along their path towards achieving scale.

Who Counts as a Participant? Who Counts as a Client?

One of the most basic questions microenterprise organizations need to be able to answer revolves around how many individuals are being served. MicroTest thinks about the individuals served by ME organizations in two ways: as participants and as clients. Participants include all individuals who received any level of service from the microenterprise program during a given fiscal year. The participant could have attended a short workshop, participated in an intensive multi-month training course, or even received a microloan. There is no threshold to be considered a participant. As long as the individual has received *some* service beyond merely inquiring about the program, they can be considered a participant.

MicroTest defines clients as those individuals who: 1) had an active outstanding, microloan or other microfinancing product with the program during the fiscal year; and/or 2) received a *significant* level of service from the microenterprise organization. MicroTest's rule of thumb for "significant service" is at least 10 hours of microenterprise-related training or technical assistance from the program during the fiscal year. Encouraging programs to adopt the rule of thumb of at least 10 hours of service allows us to comfortably compare programs on the basis of their clients. It is also meant to provide a common benchmark for identifying and describing client outcomes that can be attributed, at least in part, to services provided by MicroTest programs.

However, for some programs, tracking the hours of service a client receives can be prohibitively difficult, because of the diffuse nature of the service being provided. Although programs can generally track the hours of service provided to clients participating in traditional classroom training or staff-led one-on-one technical assistance services, many training programs are offering new services using new models of service delivery. A client gets a significant level of service, generally counted as ten hours or more or a loan, but the definition emphasizes significant, which is determined by programs based on a careful review of what it considers its core service. "Participants" may include individuals who were counted as a client in one year and may continue to draw upon program services to a more limited extent in the next. It is important to pay attention to both groups.

MicroTest programs served a median of 245 participants and 171 clients in 2001 (443 and 264 on average.) As in past years, there is great breadth in the number of clients served by MicroTest programs, ranging from a low of 8 to a high of 1,782 clients.

The Total Group: Individuals Served in FY 2001				
	Average	Median	Minimum	Maximum
Participants	443	245	14	2647
n=	57	57		
Clients	264	171	8	1782
N=	63	63		
Assisted Businesses	176	97	8	1095
N=	62	62		

MicroTest programs also report the number of businesses they've assisted during the fiscal year.[11] While a few very large state-wide programs provided support to many hundreds of microenterprises in FY 2001, the median number of assisted businesses for the 62 programs in MicroTest was 97.

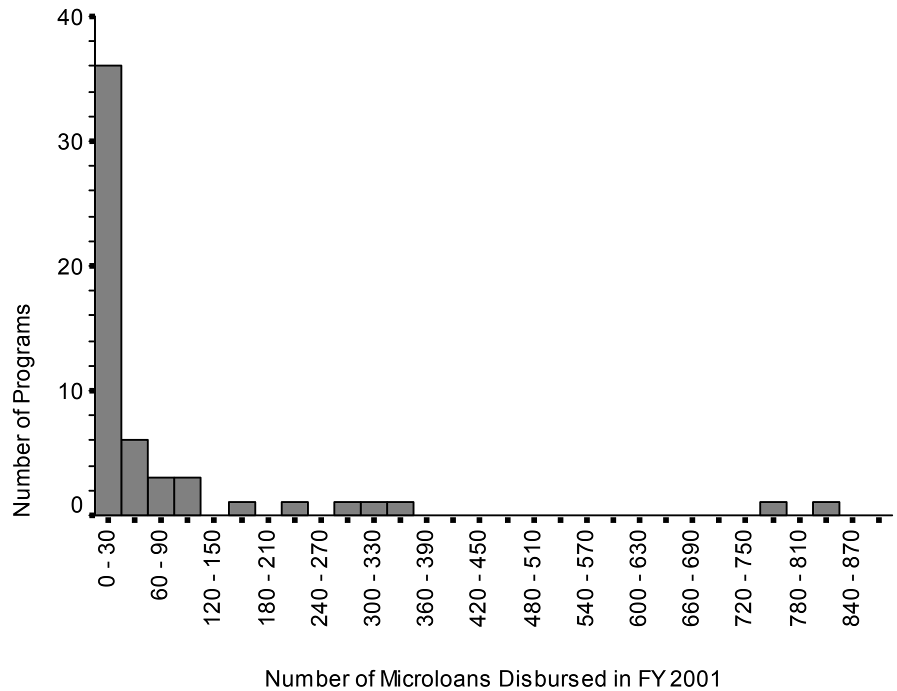
The Total Group: Scale of Program Services in FY 2001					
	Average	Median	Minimum	Maximum	Sum
Loans Disbursed	75	21	0	838	4,139
n=	55	55			55
Value of Loans Disbursed	$474,351	$151,880	$ -	$5,615,478	$26,089,283
n=	55	55			55
Loans Leveraged	$374,976	$134,445	$1,000.00	$1,425,500	$6,749,573
n=	18	18			18
Business Development Training Clients	231	145	8	1782	13,395
n=	58	58			58

The table above contains summary data on the volume of training and lending services MicroTest participating agencies provided to clients over the course of FY 2001. MicroTest members with direct lending programs disbursed an average of 75 loans. The median for the group was 21. The number of loans disbursed ranges from 0 (one program which has a loan program but made no loans in 2001) to a high of 838. This wide range, and the fact that the average number of loans is much higher than the median, indicates that the total group includes a few high volume lenders. This finding is echoed in the dollar value of loans disbursed. The median figure is $151,880, but the average, at $474,351, is much higher. As the graphs below indicate, most programs are closely clustered together in terms of number and dollar amount of loans disbursed, with just a few extremely high volume lenders bringing up the average.[12]

[11] Note that not all program clients have a business; as noted above a significant proportion of clients come to a program in the "pre-business" stage.

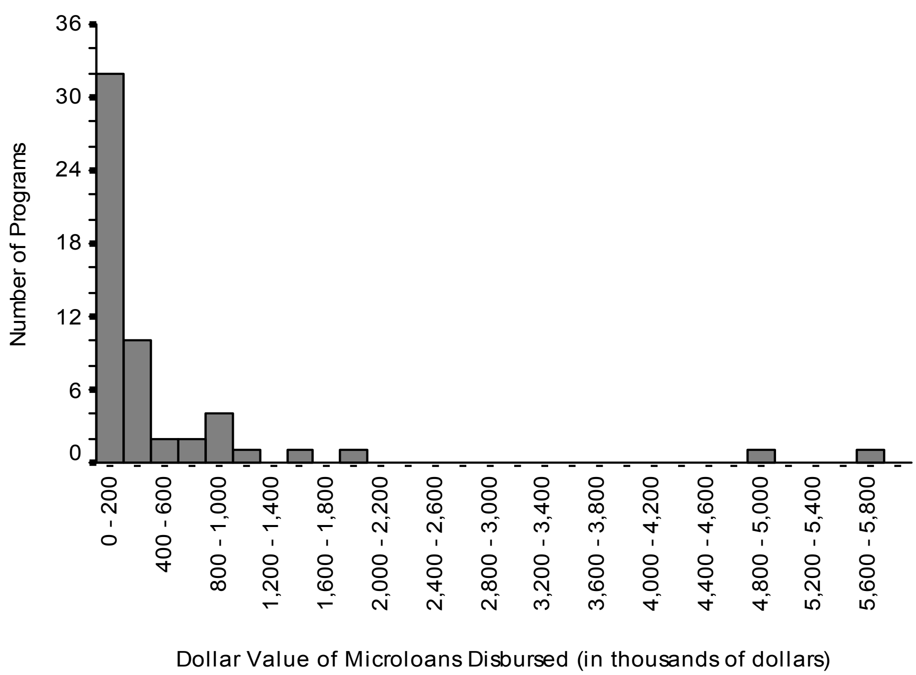
[12] To read the 'Scale of Lending Activity' histograms below, note the number of MicroTest programs along the y axis, and the scale of lending along the x axis. Just one program disbursed more than 800 loans; 43 programs disbursed fewer than 100 loans.

The Total Group: Scale of Lending Activity in FY 2001



In the graph above, 36 lending programs in MicroTest made fewer than 30 loans during FY 2001, while 19 credit programs disbursed more than 30 loans. Seven lenders disbursed more than 150 microloans in the year, and four made more than 300 loans. In the graph below, nine lenders disbursed more than $800,000 in microloans in FY 2001, while the majority of programs lent less than $400,000 over the course of the year.

The Total Group: Scale of Lending Activity in FY 2001



Some MicroTest programs actively help their clients obtain loans from sources other than their own loan program. Many training programs offer this service in lieu of operating a loan fund themselves. In addition, microenterprise loan funds may help their clients leverage small business loans in amounts that exceed the programs own internal loan limit. 'Total amount of dollars leveraged' helps programs offering this service track the amount of money they are able to assist clients secure for their businesses. For the 18 programs that provided this service, the median amount of dollars leveraged was $134,445. Although only a few programs actively provide this service, the results are impressive. The sum of all loans leveraged was $ 6,749,573 for FY2001. This considerable sum includes loans with values in excess of $25,000 (non-microloans) that programs leveraged for their microenterprise clients. In submitting data for FY2002, MicroTest members will be asked to report separately on the amount of microloans leveraged for their clients.

Finally, programs with a business development training program track the 'number of Business Development (BD) Training/Technical Assistance clients' to determine the total number of clients receiving these services, as well as to compare this figure to their overall client load. Business Development Training/TA includes those services designed to help a client start, stabilize or expand a business. It does not include any specific training or TA that a program provides to help clients access a loan. In FY2001, a median of 145 and an average of 231 clients underwent BD training/TA. The majority of MicroTest members provide BD training and/or TA, with 58 reporting the presence of BD training/TA clients.

What Difference do Program Characteristics Make?

Individuals Served

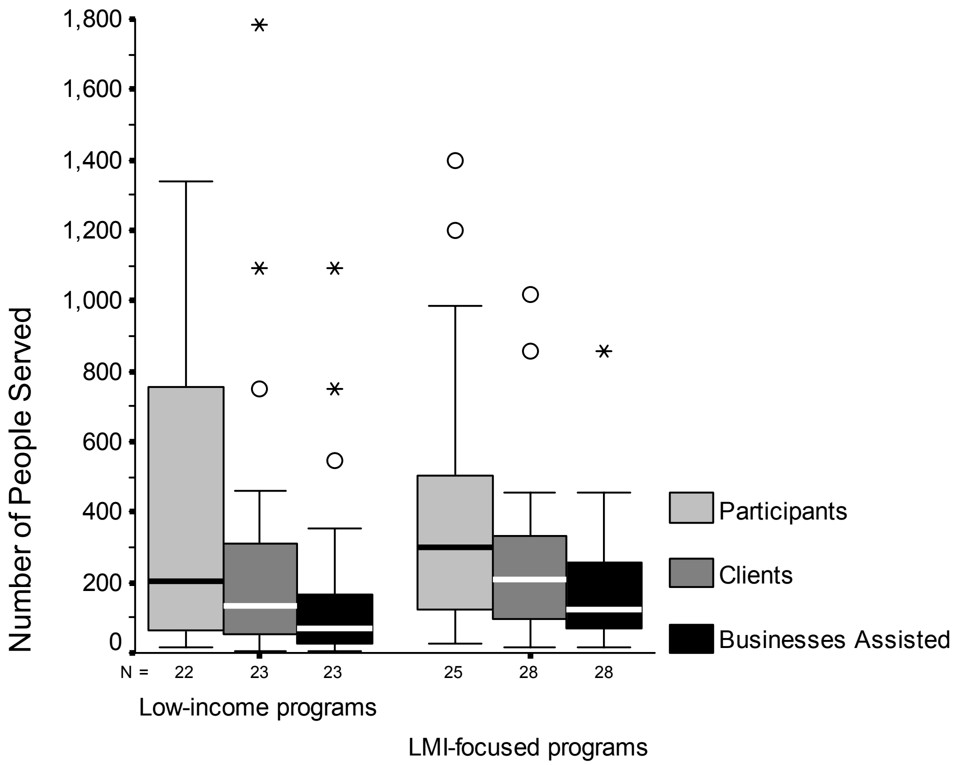
The peer group data suggests program characteristics that affect the size of the program. The program's geography and the age of the program clearly affect program size. Dual-Area programs, many of which are large statewide organizations, served more clients (410 on average) than others. Rural programs served the fewest number of clients, with a median of 130 clients (average 154). Rural programs must contend with a more dispersed population, making it more difficult and time consuming to provide a significant service to a large number of clients.

Program age appears strongly associated with scale as defined by the number of clients and businesses served. Mature programs served an average of 373 clients while experienced and young programs served an average of 277 and 133 clients respectively. Several experienced programs are also reaching sizable numbers of participants and clients annually. This data suggests that as programs gain experience and expertise they are increasingly able to attract and serve larger numbers of individuals and businesses in their communities and service areas.

Both credit and training programs grow as they age. Conventional wisdom is that training-led programs serve fewer individuals, generally through lengthy intensive training and TA services, and credit-led programs serve a large number of clients through loans and short-term financial training. However, data shows that for all three age groups (young, experienced and mature programs), training-led programs, according to the peer groups' median figures, served more clients than credit-led programs.

The data also suggest that as they age both credit-led and training-led programs attract more clients with business experience. The reasons for this are several. As they mature, programs gain a reputation for providing valuable services to business owners in their communities. Many increase their service and product offerings, and some adopt an explicit goal of identifying businesses with growth potential in order to assist them to grow their businesses for greater community impact.

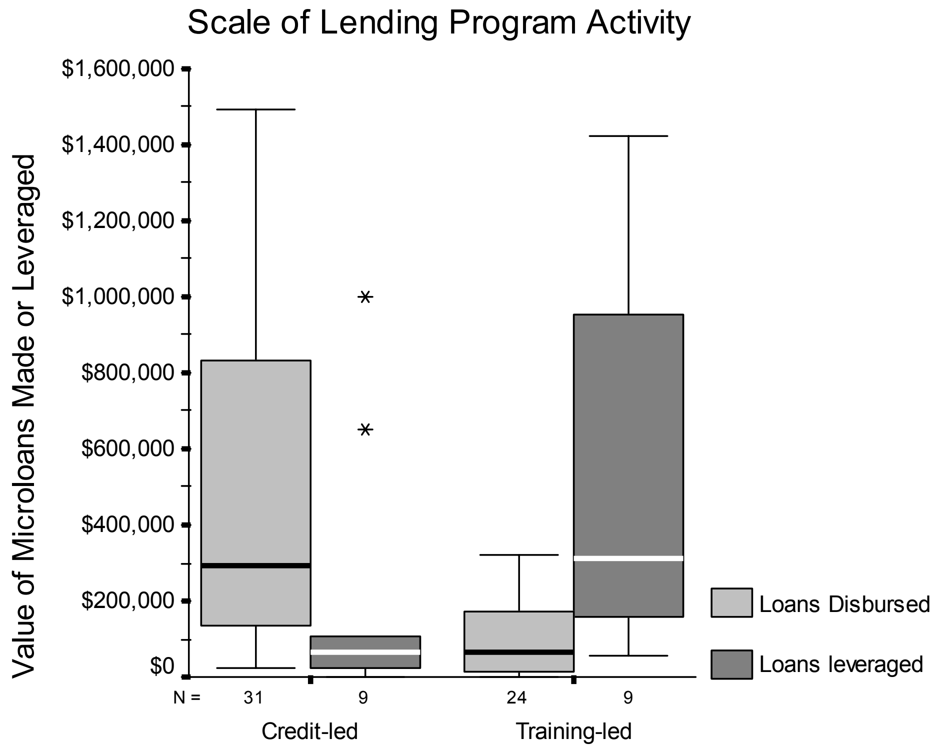
The LMI-focused programs serve more clients than do more poverty-focused programs.



However, as the graph above shows, many low-income focused programs attract quite a high number of participants, yet provide substantive service to a much smaller number of clients. This difference may suggest that low-income focused programs have quite broad outreach and then screen their low-income participants in order to decide in which participants to invest more substantial amounts of their program's resources.

<u>Scale of Lending Activity</u>
Although program methodology was not a clear determinant of how many individuals or businesses a program served, it does clearly affect the volume of lending services provided. Credit-led programs disbursed 84% of all loans made by MicroTest programs (3,495 out of 4,139 total loans). They also lent 91% of the dollar amount of all loans disbursed (for a total of $23,720,042). Within the credit-led peer group, however, scale varied significantly. The median for the group was 34 loans, while the average was 113. Because the average loan size was $ 9,163, the volume of dollars lent was substantial.

Some training-led programs also have direct loan funds. They are generally much smaller than credit-led programs in terms of the number of loans they disburse (median 12) and in the size of the loan they make (median average loan size $4,119). However, training-led programs are actively leveraging money for their clients from other sources. They leveraged 71% of the $6,749,573 leveraged by MT members.



Both credit and training-led programs provide training and technical assistance related to running and growing a business. As with loan volumes, program methodology clearly impacted the number of clients who received such training or T.A. Training-led programs trained 70% of the total number of clients served by MicroTest members.

Training-led programs offered slightly more than twice the total number of staff hours on a per client basis (33) than did credit-led programs (15), reflecting their tendency to serve lower-income clients, and a higher percentage of clients who are in the pre-business stage. These programs are most likely those that offer introductory business feasibility and business plan training as well as other services.

Scale of Program Services in FY 2001 by Program Methodology						
FY 2001 Activity	Credit-Led Program Averages	Credit-Led Program Medians	Credit-Led Program Sums	Training-Led Program Averages	Training-Led Program Medians	Training-Led Program Sums
Loans Disbursed	113	34	3,495	27	12	654
n=	31	31	31	24	24	24
Value of Loans Disbursed	$765,163	$295,000	$23,720,042	$98,718	$65,100	$2,369,241
n=	31	31	31	24	24	24
Average Loan Size	$9,773	$9,163		$6,731	$4,119	
n=	31	31		23	23	
Loans Leveraged	$220,857	$66,500	$1,987,716	$529,095	$312,167	$4,761,857
n=	9	9	9	9	9	9
Business Development Training Clients	153	92	3,989	294	196	9,406
n=	26	26	26	32	32	32

What does Top Performance Look Like?

The top performers with respect to clients served, assisted at least 370 clients. Those who served the greatest number of participants assisted at least 753. The maximum number of clients served by an organization in this group was 1,782, while the maximum number of participants was 2,647. Among the top 13 programs with respect to client loads, eight were dual-area programs and six were mature, reinforcing the previous observation that age and geographic targeting are the key determinants that influence program scale.

Programs in the top performers' category for number of Business Development training/TA clients served, provided service to at least 335 clients. The maximum number of BD training/TA clients served was 1,782. Of the 12 top programs on this measure, eight were training-led and eight were mature. Geographic targeting also affects scale of business development services. Only two of the top performers were rural; the remaining 10 programs were split between urban and dual-area programs (where it is also likely that the urban components of the program drive the scale of service.)

Top Performance in FY 2001: Individuals Served	
Participants	753
Clients	370
Business Development Training Clients	335

The top credit performers disbursed between 85 and 838 loans, and between $619,705 and $5,615,478. Not surprisingly, ten of the eleven that fit this category defined themselves as credit-led. Eight of the nine of these that provided income data show that their income targeting was broad. They fit the low to moderate peer group. Interestingly, the programs reporting the highest volume of loans made in FY2001 varied greatly in terms of their average loan sizes, which ranged from $701 to $11,404.

Top Credit Performance in FY 2001	
Loans Disbursed	85
Value of Loans Disbursed	$619,705
Number of clients linked to banks or other commercial providers	17
Loans Leveraged	$964,000

Scaling Up

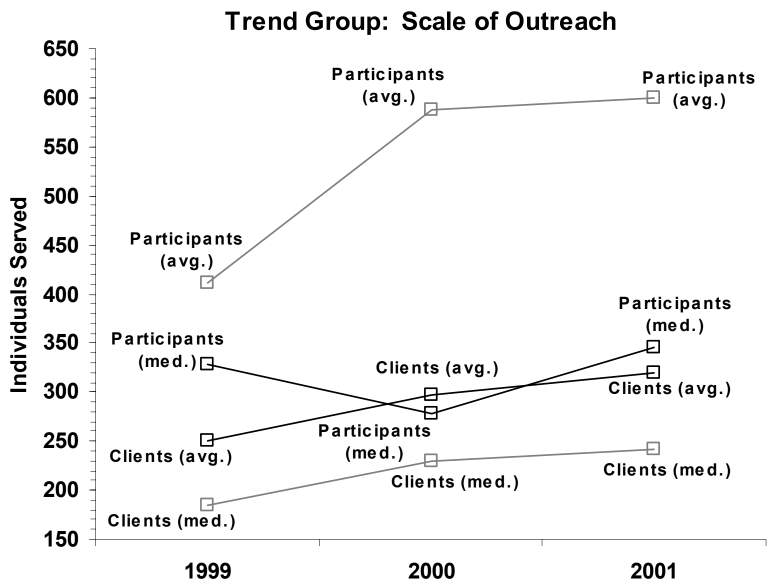
FIELD's recent publication, *Scaling up Microenterprise Services* offers some key strategies programs have used to reach large numbers of clients and become high volume lenders. Among the recommendations that FIELD's grantees offer are these:

- Start with a strong institutional commitment to scaling up at the board and staff level.
- Conduct extensive market research to understand who and where your clients are, what products and services they truly needed, and how best to communicate with them.
- Pay attention to product development in order to find those products and services that both make sense to customers and are feasible for the program to deliver in volume.
- Be prepared with staff resources and fundraising sources to handle the increase in scale *as soon as it starts to happen.*
- Look for efficiencies everywhere, and especially in management information systems and other technologies that support rapid decision making and product delivery.

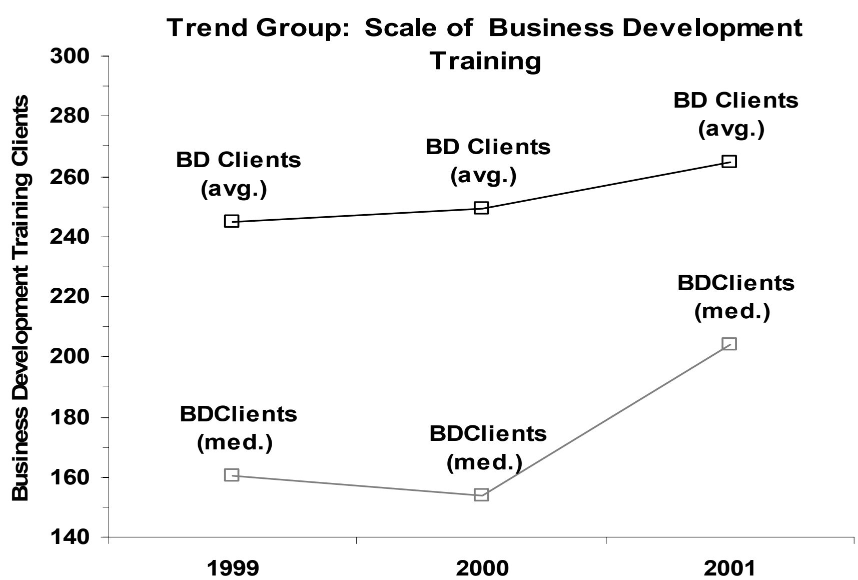
What do Trends Tell Us?

The programs in the trend group are growing against most of the dimensions of scale. They're reaching more clients and participants; they're providing more training and technical assistance services, and they are lending more money. Only in the number of loans disbursed does there appear to be some leveling off of growth by some of the members of the group.

From 1999-2001 both the average and median number of clients served, increased. And while the median number of participants decreased in FY 2000, the number increased again in FY2001 above the 1999 number.

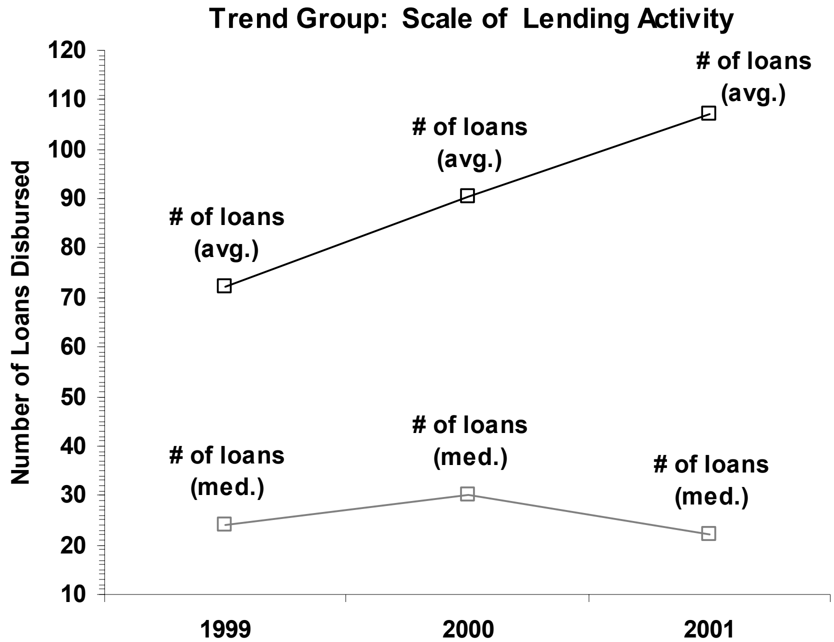


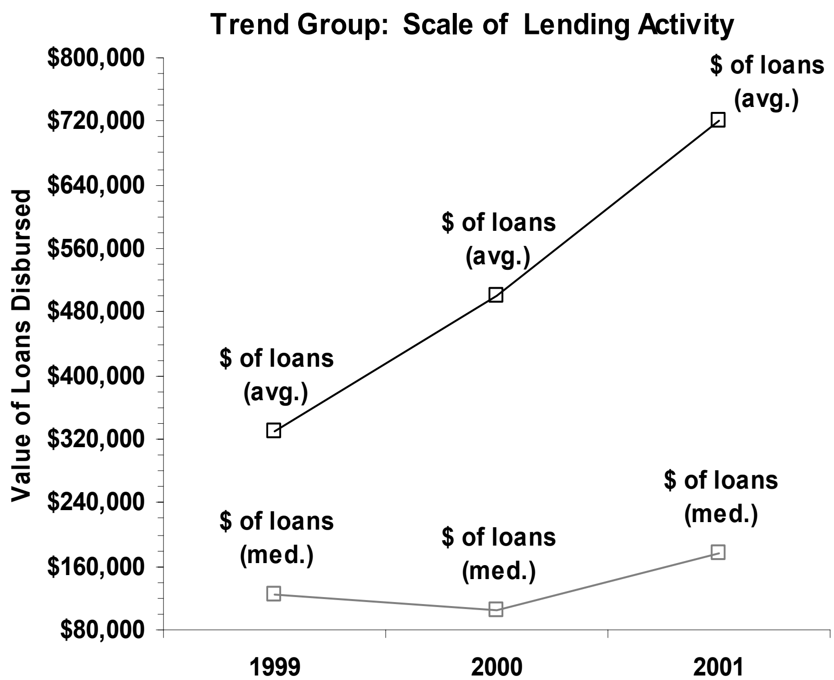
Most programs provided intensive business development training and technical assistance to more clients in 2001 than they did in either 2000 or 1999. Both the average (from 240 to 265) and median (from 154 to 204) numbers of training clients jumped from 2000 to 2001, indicating impressive growth in training services across many programs.



The increase in lending activity is not universal, however. On average, both the number and dollar amount of loans disbursed went up steadily from 1999 to 2001. However, in FY2000 the median number and amount of loans disbursed dropped. In FY2001, the median dollar amount of loans increased to a level above the median level in FY1999, but the median number of loans made declined even further. This finding indicates that while a few of the lenders with the highest levels of lending grew substantially, those with more modest portfolios experienced a decline in lending activity. While the total and average numbers of loans grew, the median levels declined.

The data seems to suggest that although a few lenders have been successful in achieving continued and significant expansion, others have struggled to simply maintain a constant level of lending.

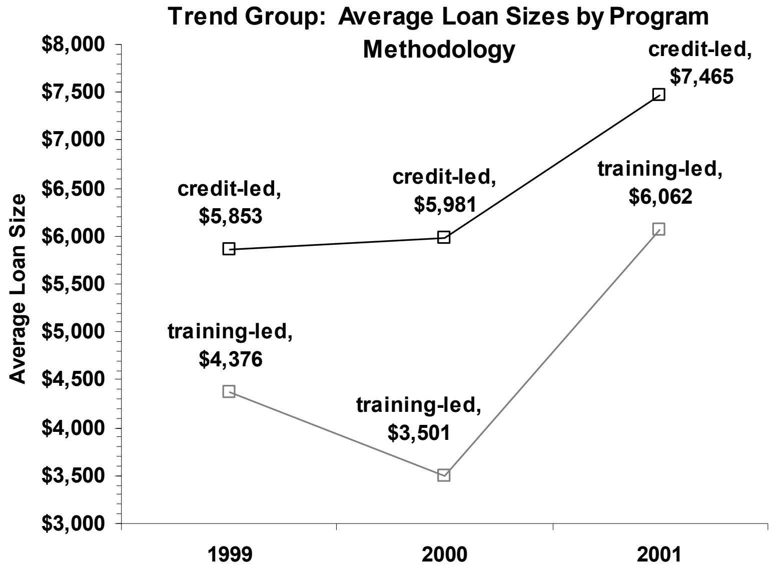




Average loan sizes have increased for both training-led programs (n=12) and credit-led programs (n=13). The median average loan sizes of both peer groups increased each year from 1999 to 2001, with a larger increase from 2000 to 2001.[13] The large increase

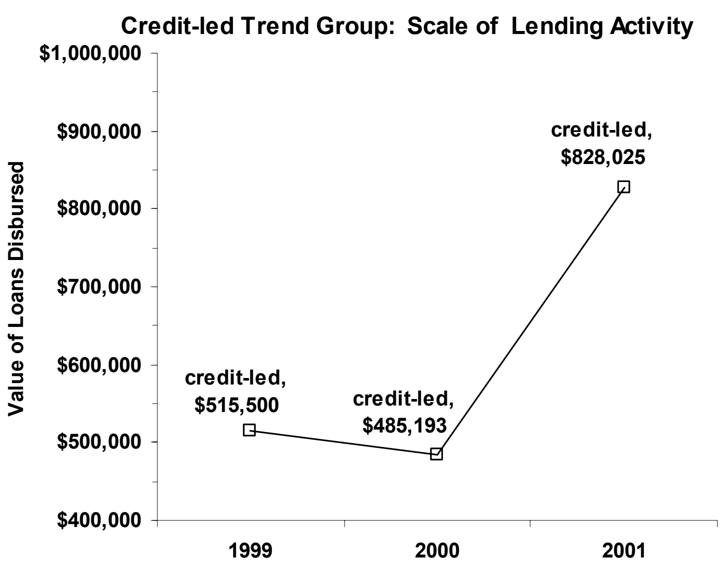
[13] The average loan sizes in the time series graph have been adjusted for inflation to 2001 dollars.

from 2000 to 2001 in average loan sizes offered by training-led programs stems from a mix of factors, including: the decision on the part of some lenders in the group to target their loans to existing businesses that can absorb more credit and are positioned to grow; to disburse fewer loans to first-time borrowers; and to respond to the changing credit needs of repeat borrowers.



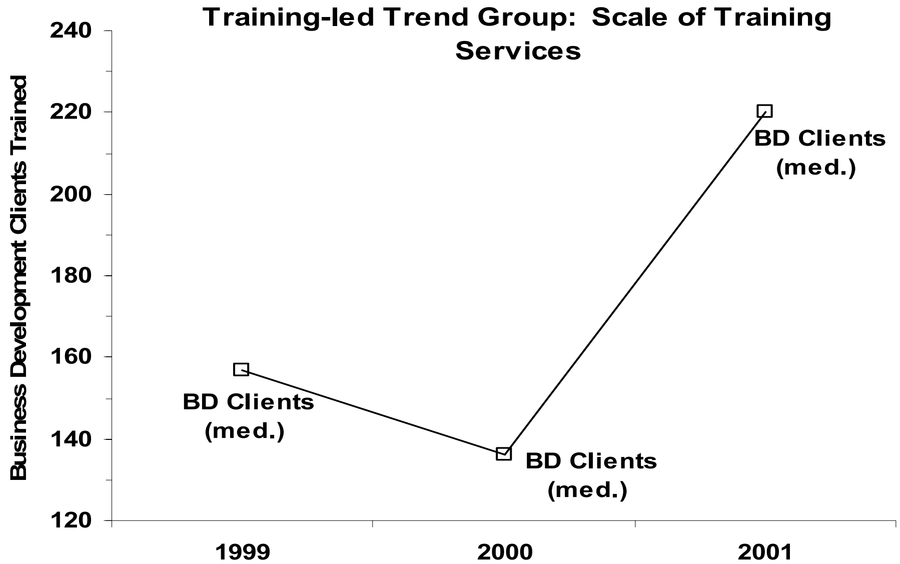
The Credit-Led Trend Group: Scale of Microcredit Activity

The 13 lending programs in the trend group show very strong growth over the three year period. The median dollar value of loans disbursed rose from $515,500 in 2000 to more than $820,000 in 2001. Adjusted for inflation, this represents growth of 34% over the 3 years. A few of the most prolific lenders in 2001 disbursed more than $2,000,000 in microloans.



The Training-Led Trend Group: Scale of Training Services

The overall trend for training-led programs is towards scaling up the number of clients that receive BD training/TA services. Although there was a slight dip from 1999 to 2000, 2001 data shows the programs expanding their services. For a group of 21 training programs in the trend group, the median number of clients who received substantive training or technical assisted to help them start or expand a business rose from 136 in 2000 to 220 in 2001; the mean rose by 80 clients, to 286 per program in 2001.



An Overall Look at Training Program Effectiveness

MicroTest members measure a training program's effectiveness by tracking the extent to which it assists its clients to complete key training objectives: graduating from a training course after successfully completing all course requirements; and/or developing a business plan. Training and business plan completion rates measure the effectiveness of training programs in the same way that portfolio at risk and loan loss rates measure the effectiveness of credit programs (see below). These types of intermediate measures of a program's effectiveness fit a logic model that acknowledges that an early program objective is to ensure that clients successfully participate in the services offered, on the assumption that successful participation will lead to positive business outcomes. This assumption has been supported by applied research undertaken under FIELD's Training and Technical Assistance cluster[14] which has produced some evidence demonstrating a link between training and business plan completion and business outcomes (defined as a business start or maintenance of a business at given points in time after training completion).

[14] *Improving Microenterprise Training and Technical Assistance: Findings for Program Managers* (Washington D.C. The Aspen Institute, 2002).

The Link between Completion and Business Outcomes

FIELD's Training and Technical Assistance grantees engaged in two years of applied research, tracking clients engaged in their programs, and surveying them after program completion. Two organizations paid particular attention to the link between completion and business outcomes. Here is what they found:

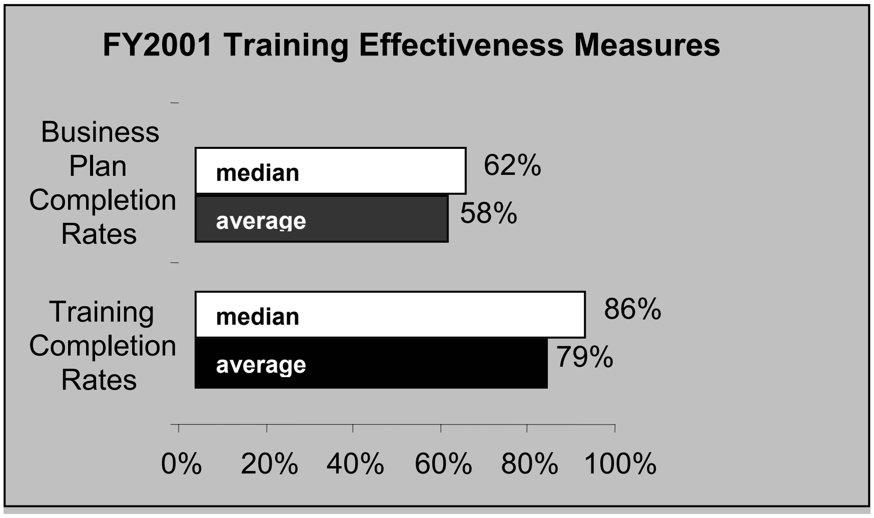
ISED, which tracked 478 clients, found that clients who had a business plan were 24 percent more likely to have a business after finishing training and 45 percent more likely to have made progress on securing financing for their business. More than three-quarters of those clients who reported any progress on securing financing for their business had a completed or nearly completed business plan. While cause and effect is not clear here (whether a business plan reflects an already strong business idea and entrepreneur, or helps develop one), nevertheless the plan serves as an early indication of movement towards a positive result.

Women's Initiative graduates from core training were 40 percent more likely to experience business growth than those who did not complete the workshop. The organization found that 75 percent of their graduates experienced business growth events (defined as new start-ups, stabilizations or expansions); only 36 percent of non-graduates experienced these growth events. And 100 percent of clients who attained self-sufficiency due to self-employment alone graduated from training.

Importantly, ISED found that having a business outcome (a start, stabilization or expansion) after training completion correlated with a set of actions including: completing a business plan, making progress on securing needed financing, completing class assignments, and a high attendance rate. Each of these activities depends on client behavior and reflects his/her level of commitment to the endeavor. They are critical milestones that demonstrate to both the program and the client that positive movement is being made towards achieving a business goal. And they suggest that the more a program is able to offer a structured training process with clear expectations, participation requirements and work assignments, the more likely it is that clients will obtain positive results.

Source: *Improving Microenterprise Training and Technical Assistance: Findings for Program Managers* (Washington D.C. The Aspen Institute, 2002).

In FY 2001, the 43 training programs that reported training program completion rates to MicroTest appear very effective at assisting clients to successfully complete course requirements: on average 79% of the training clients of these 43 programs achieved all important course objectives. As seen in the lower average business plan completion rate for 32 MicroTest programs (58%), completing a business plan is often more onerous than completing a training course.



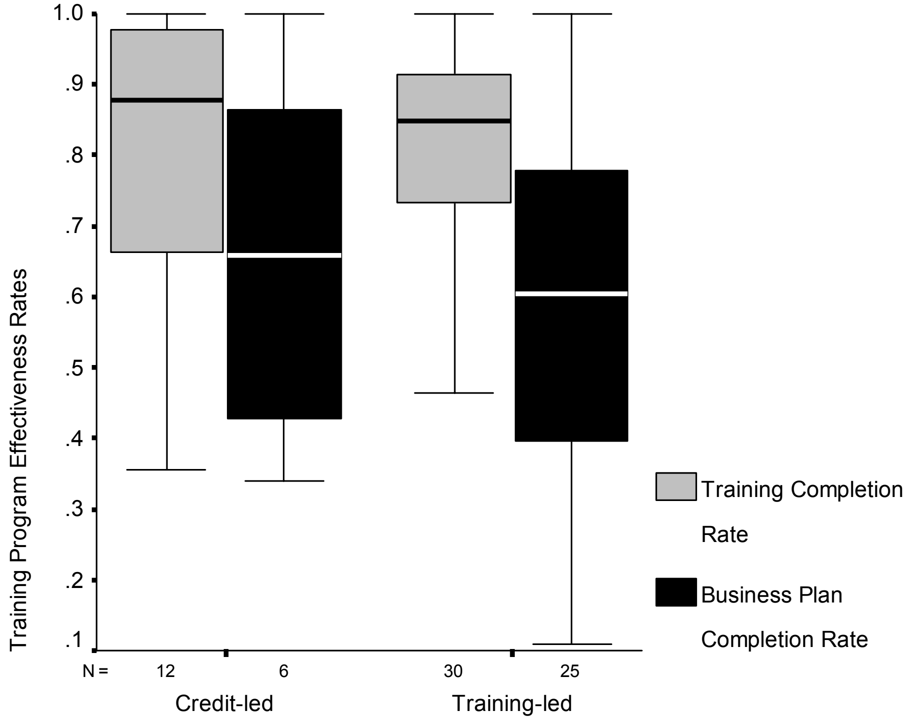
What Difference do Program Characteristics Make?

The first thing that the data indicates is that these two measures of training and business plan completion are most meaningful to those programs that offer fairly intensive training and technical assistance services, and that serve many pre-business clients. Training-led programs that reported rates of business plan completion spent, on average, 36 hours per client per year providing a combination of training and technical assistance. Credit-led programs that focus on assisting clients to complete business plans spent less time per client, though still offered about 20 hours to each client per year. Those programs that did not focus on business plan completions but did report training completion rates to MicroTest averaged 23 hours per client per year, with training-led programs providing more than twice the number (33) of hours per client as credit-led programs (15).

More importantly, for the 32 MicroTest programs that reported business plan completion rates, the median percentage of pre-business clients was 59%; this is more than twice the median percentage of pre-business clients served by the total group, 27%. This underscores the importance programs place on providing business plan training to aspiring entrepreneurs and their interest in tracking results.

Both the credit-led and the training-led programs within the group demonstrate high levels of performance, indicating that a program's broad strategy is less influential on results than might be expected. The boxplot graph below shows business plan and training program completion rates for credit-led and training-led programs.

Training Program Effectiveness Rates by Program Methodology



Training-led programs work with a clientele that is typically in an earlier stage of business development, and many training-led programs work with a high percentage of pre-business clients. For the eight credit-led programs that offer substantive business development training and work with pre-business clients, the median percentage of pre-business clients receiving such services is just 17% of all clients. On the other hand, a majority of the clients of training-led programs are pre-business.

Training Program Effectiveness by Geography

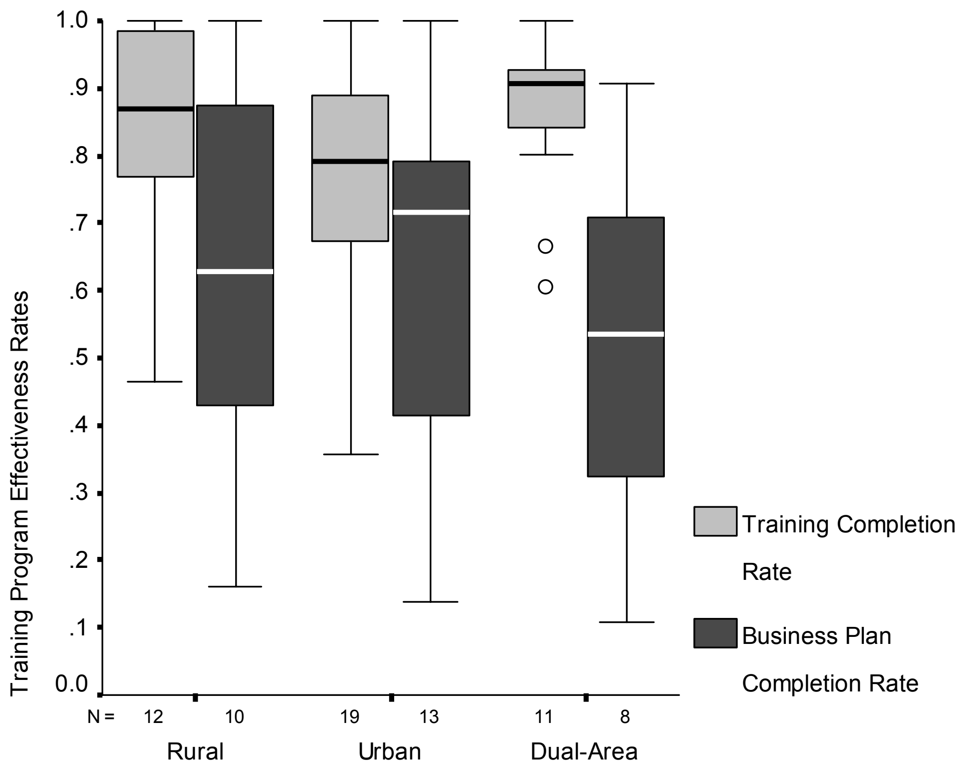
The geographic setting of a training program appears to influence it in a few ways. First, rural programs provide fewer hours training and technical assistance per client (median=13) than do either urban (median=30) or dual-area programs (median=23), perhaps reflecting the difficulty of covering the long distances between clients and programs. The relatively high number of training hours delivered by urban programs may reflect the ability of clients in urban areas to gather more easily for training.

Second, rural and dual-area programs work with a clientele that is less pre-business than the clientele of urban programs. This may be another factor that influences the intensity of training; individuals who are already in business may need less assistance in developing core business skills, and have greater interest in developing knowledge and strategies specific to their particular business.

(FY 2001 MicroTest Data)	Rural Program Average	Rural Program Median	Urban Program Average	Urban Program Median	Dual-Area Program Average	Dual-Area Program Median
Pre-Business Clients	29%	25%	40%	31%	29%	25%
n=	17	17	26	26	17	17

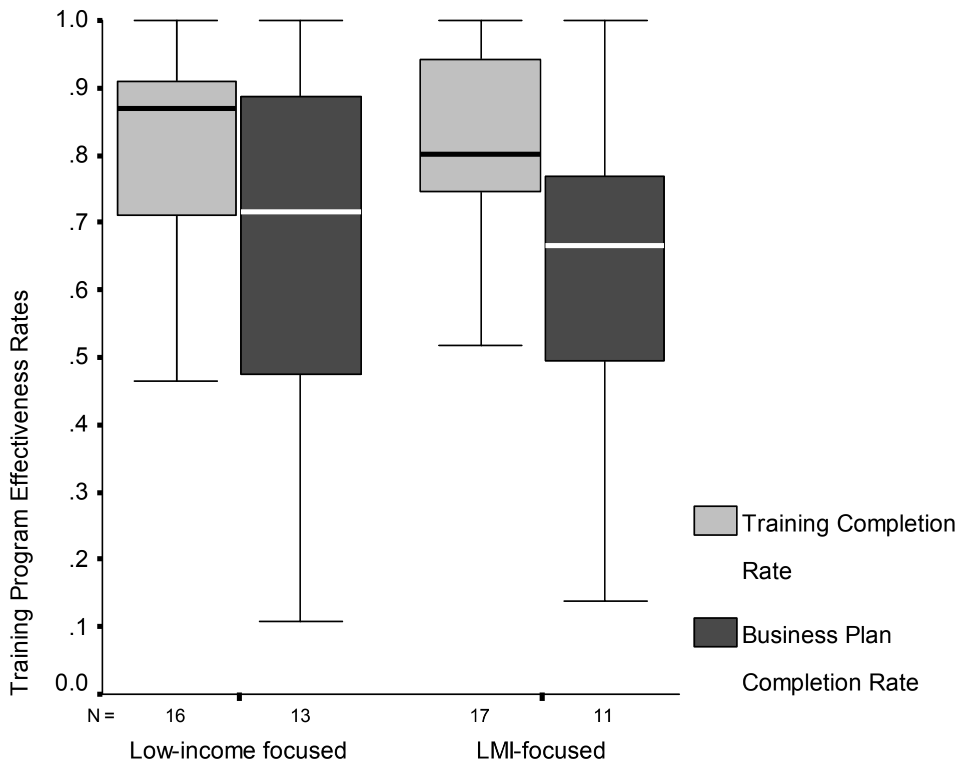
Overall, urban training programs show marginally lower training program completion rates but somewhat higher business plan completion rates, and they also work with a higher concentration of pre-business clients than either rural or dual area programs. Dual area programs have a very high median training program completion rate, but a somewhat lower business plan completion rate than either rural or urban programs. This anomaly may suggest that these large programs are not focusing their services on business plan development, but are instead channeling their significant assistance towards other training services that their clients need or demand. There is a regular debate in the industry over how much emphasis programs should place on business plans (as opposed to business *planning*), and it may be that the dual area programs in the sample have opted to focus on other training and technical assistance objectives.

Training Program Effectiveness Rates by Program Geography



Training Program Effectiveness for Low-income and LMI programs
The relative concentration of low-income clients in a training program does not appear to affect its ability to assist those clients complete training objectives. Low-income and LMI-focused programs both achieve high levels of training program effectiveness, with low-income programs achieving slightly higher rates of training and business plan completions. However, low-income programs do spend more time with each client than LMI programs—about 10 more hours of training per client (median hours), which is likely a response to the more intensive needs of a clientele that is generally more pre-business than that of LMI programs.

Training Program Effectiveness Rates by Poverty Focus



Training Program Effectiveness by Age of Program
The age of a training program does not seem to affect its effectiveness in terms of training and business plan completion rates. Young programs offer far more training hours (median of 24 hours/client) than technical assistance hours per client (median of 5 hours/client), whereas mature programs tend to offer a closer balance of group-based (median of 10.5 hours/client) and one-on-one help (median of 9.4 hours/client) for their clients. Additionally, mature programs tend to work with a clientele that is more concentrated in the pre-business status than either young or experienced programs. The median percentage of pre-business clients attending mature training programs is nearly 55%; for young programs the percentage is closer to 35%. The focus of mature training programs on providing one-on-one assistance to many pre-business clients is likely to have important cost implications for this peer group, which will be examined in more detail below.

What does Top Performance Look Like?

Training and business plan completion rate are two measures that are important for programs to track because of the association between completion and business outcomes. But it is important to recognize that these are incomplete measures, and their results are influenced by client characteristics as well as training design and style.

Thus, for training program completion rates, the top quintile contained programs that reported to MicroTest a completion rate of at least 96%. These 8 programs are not concentrated in any particular peer group. As a group, they appear to work with fewer pre-business clients (11%) than the total group (27%) (suggesting that they were working with a more prepared clientele); they delivered a median 7 hours of training and 9 hours of technical assistance per client, an intensity of training that is lower than the median for the total group, which was 16 hours of training and 8 hours of technical assistance. Thus, it may be that the completion rates for these programs are higher simply because the training is less intensive and the clients have more business experience. Future analyses of MicroTest training data will attempt to identify a more robust formula for top performance that takes into consideration the intensity of services delivered, the target markets served, and the outcomes or results for clients, in addition to the completion rates examined above.

Top Training Program Completion Rates	
Training Completion Rates	96%
Business Plan Completion Rates	87%

Helping Clients Complete Training

Helping clients to succeed—in completing training and business planning—requires the development of a sound training program that matches content and training style to clients' needs, characteristics and conditions. Effective programs do many things well including:

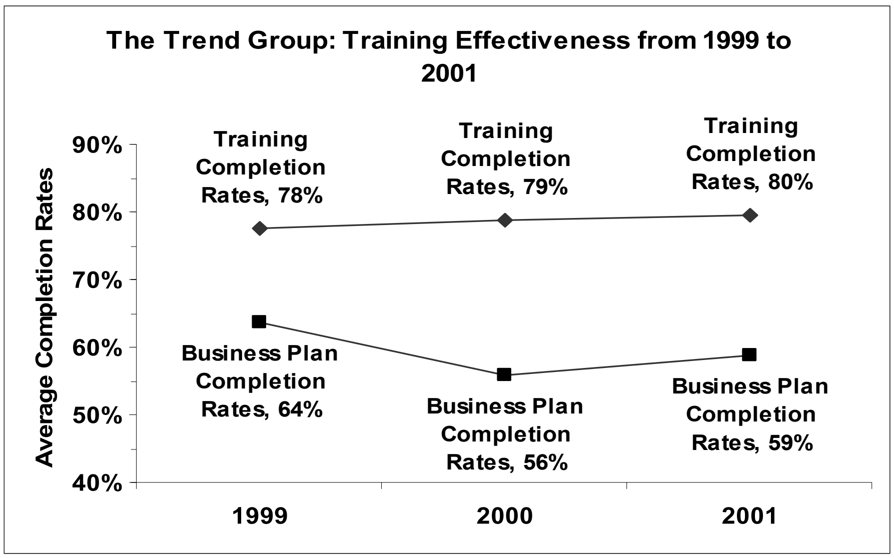
- Doing market research to develop a profile of their target clients that includes both business backgrounds and socio-economic characteristics;
- Designing training to communicate the core *skills* associated with business planning;
- Focusing on increasing clients' marketing skills and initiatives;
- Paying special attention to the challenges of training clients to understand key financial skills including record-keeping, pricing and cash flow management;
- Addressing personal and business readiness issues;
- Selecting or designing a curriculum that outlines both the training content AND the process to follow in teaching that content;
- Ensuring that trainers are both experienced business people and trained to use participatory adult learning techniques well.

For more see: *Building Skills for Self-Employment: Basic Training for Microentrepreneurs*

What do Trends Tell Us?

The trend group shows continued increases in its training completion rates over three years. Already high rates of completion have been getting even higher, suggesting that these programs are paying even greater attention to helping their clients succeed.

The business plan completion rates show a more mixed record of results. From FY1999 to FY2000, 10 of the 16 reporting programs experienced a decline in their business plan completion rate. From FY2000 to FY2001, 8 of the 16 went down. Ultimately, seven of the programs had lower business plan completion rates in 2001 than they reported in FY1999. Although many programs experienced a rebound in business plan completion rate from FY 2000 to 2001, data for FY2002 will help to further flesh out the trends that may be emerging.



An Overall Look at Credit Program Effectiveness

MicroTest measures the effectiveness of a credit program according to its ability to make and manage microenterprise loans (of less than $25,000). The scale of the portfolio, its level of risk (measured by the percent of portfolio lent to start-up businesses and, to some extent, by average loan size), and its quality are all taken into the consideration of what constitutes 'effectiveness.' A portfolio with a higher concentration of start-up businesses is more subject to risk; likewise, the larger a program's average loan size, the more likely it is to experience large sum delinquencies should some of those loans go bad. On the other hand, smaller average loan sizes typically correlate with lower income, less collateralized borrowers, which also carries higher risk. Measures of portfolio quality include loan loss rate, restructured loan rate and total portfolio at risk.

Loan Loss Rate (LLR): The dollar amount of microloans declared non-recoverable and written off, net of recoveries, during the fiscal year divided by the average dollar amount of microloans outstanding during the fiscal year.

Restructured Loan Rate (RLR): The dollar amount of restructured loans (whose term or amount has been modified in response to a borrower's particular circumstances) outstanding at the end of the fiscal year divided by the total dollar amount of microloans outstanding at the end of the fiscal year.

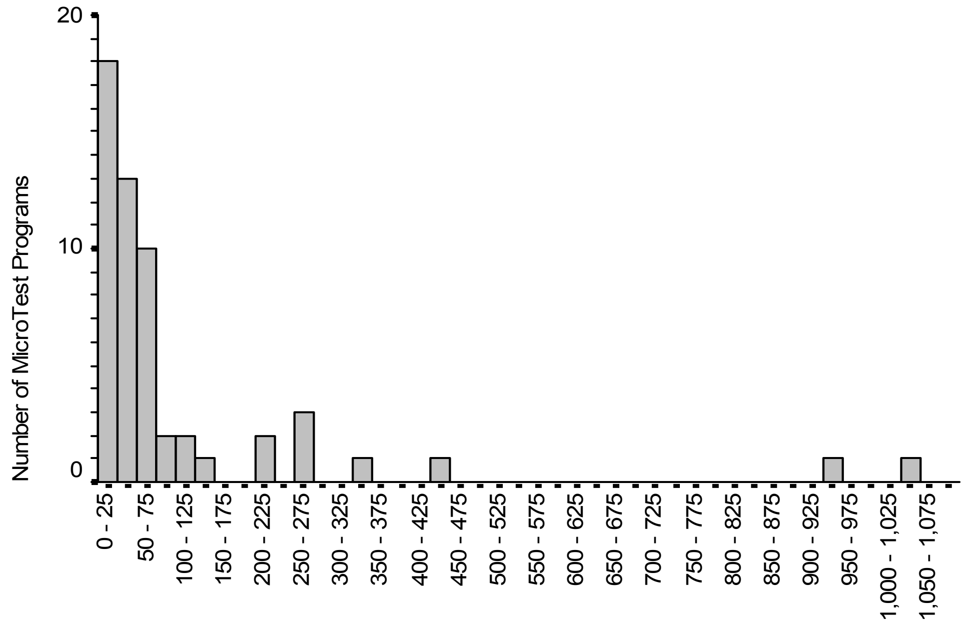
Total Portfolio at Risk (PAR): The dollar amount of principal outstanding on all microloans with payments past due more than 30 days divided by the total dollar amount of microloans outstanding at the end of the fiscal year.

In general, as loan loss rates and PAR decrease, the portfolio's health is understood to be stronger. However, microenterprise lending is inherently about making loans to individuals whom traditional credit markets view as too risky. Thus, most microloan portfolio managers seek to assess and manage the risk that they take on within the context of their cost structure, their desire to serve specific populations, and their goals for growth.

The Total Group: Credit Program Effectiveness in FY 2001				
	Average	Median	Minimum	Maximum
Microloans Outstanding	105	45	1	1032
n=	55	55		1
Value of Microloans Outstanding	$611,288	$260,728	$877	$5,618,936
n=	55	55		1
Average Microloan Size	$6,288	n/a	$683	$24,583
n=	55	n/a		1
Portfolio Loaned to Start-Up Businesses	43%	42%	0%	100%
n=	52	52		1
Restructured Loan Rate	9%	6%	0%	61%
n=	54	54		1
Loan Loss Rate	5%	2%	0%	35%
n=	54	54		1
Total Portfolio at Risk	14%	13%	0%	65%
n=	55	55		1

In MicroTest, fifty-five programs reported data on their microloan portfolios as of the end of their FY 2001. At that time, the total microloan portfolio held by these 55 lenders was 5,763 outstanding loans totaling $33.6 million. Average outstanding portfolios were just over $611,000, with one program reporting a total portfolio of $5.6 million. As the graph below indicates, although 31 credit portfolios in MicroTest contained under 50 microloans at the end of FY 2001, 14 member portfolios contained more than 100 microloans, and 9 held over 200 loans in portfolio. A few credit programs achieved much greater scale as measured by both the number and dollar amounts of outstanding microloans.

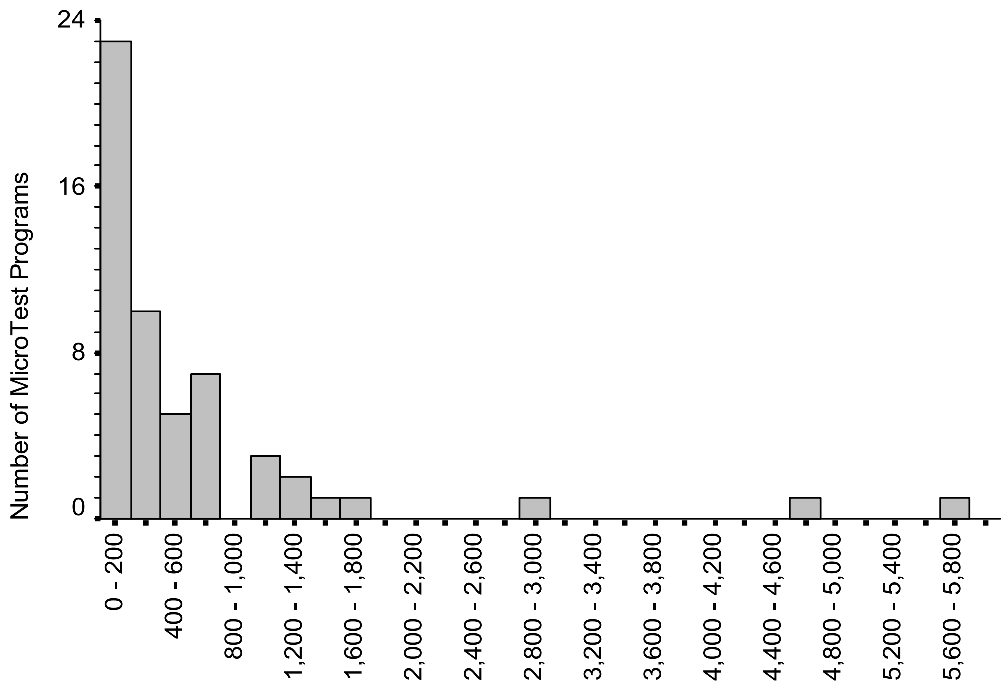
The Total Group: Microloans Outstanding at end of FY 2001



Loans Outstanding

The histogram below shows that while 23 lending programs in MicroTest held less than $200,000 in portfolio at the end of FY 2001, 22 held more than $400,000 in portfolio, and 10 held more than $1 million microloans in portfolio.

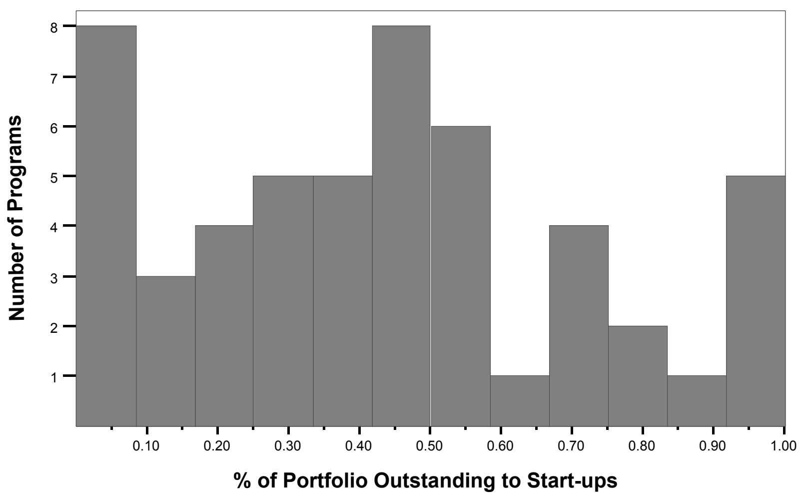
The Total Group: Value of Microloans Outstanding at FY 2001 End



Dollar Value of Microloans Outstanding (in thousands of dollars)

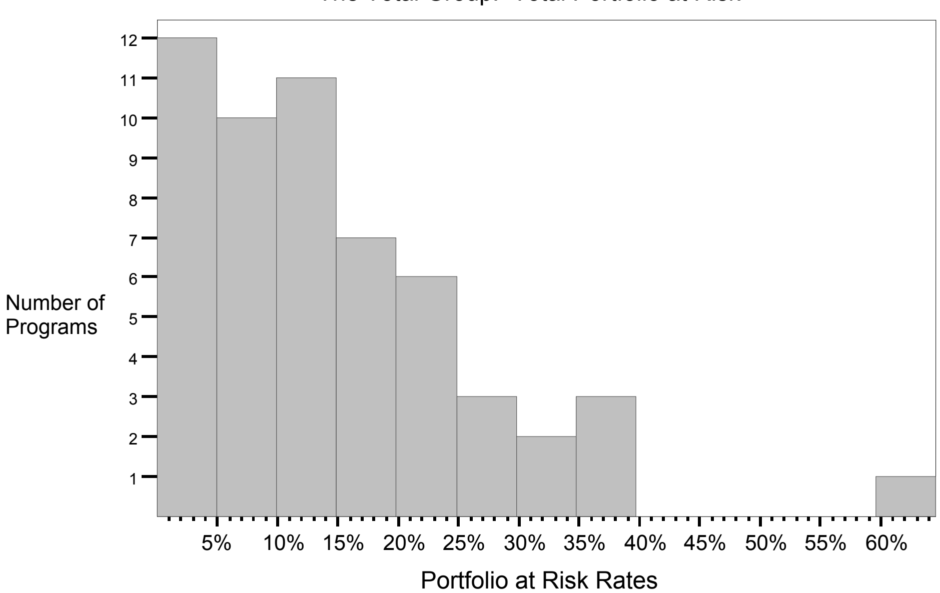
On average, the total group lent slightly more than 40% of its portfolio to start-up microenterprises (businesses in operation for less than one year at the time the loan was made). As the graph below shows, most MicroTest credit programs lend to start-up businesses to some extent, and a few programs lend almost exclusively to start-up businesses. The average percent of portfolio in start-ups is higher than the average percent of start-up businesses (22%) at program intake (and consistent with data from FY 2000), indicating that programs are able to assist a portion of their pre-business clients to start businesses within the fiscal year **and** to lend to them once they achieve start-up status.

The Total Group: Percentage of Portfolio Outstanding to Start-Up Businesses

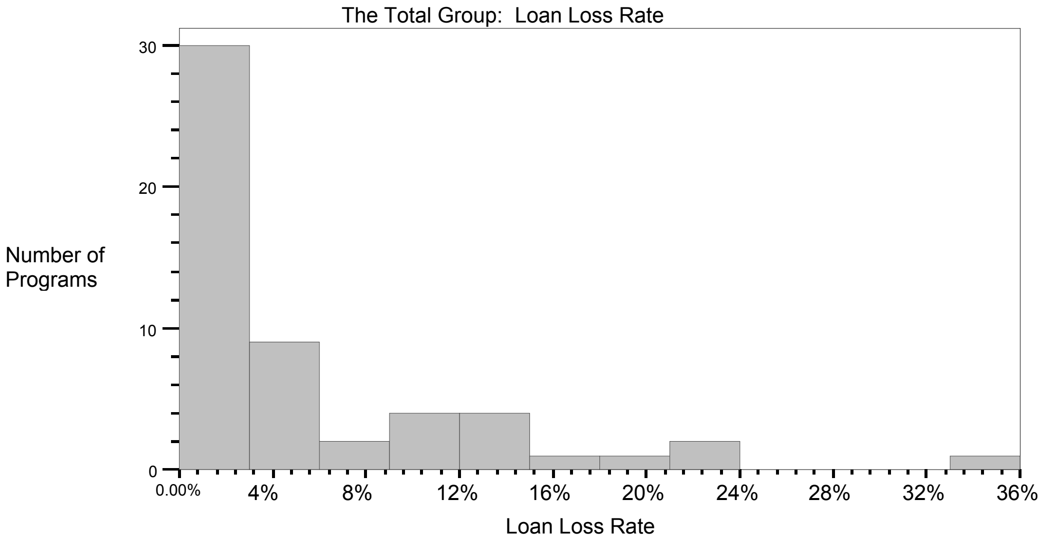


Average total portfolio at risk rates hover around 14% for the group, with many programs achieving much lower rates: twenty-two programs have a PAR below 10%. Nine of the fifty-five credit programs in MicroTest reported PAR above 25%, including one outlying program with 65% of its outstanding loans at risk.

The Total Group: Total Portfolio at Risk



Actual loan losses remain low, at 5% on average. Twenty seven of 54 programs experienced loan losses at or below 2%, a level that indicates solid portfolio management and oversight.



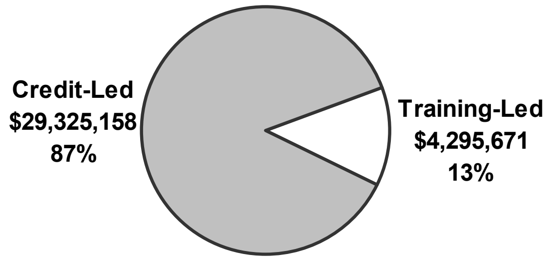
What Difference do Program Characteristics Make?

It is important to consider the effectiveness of credit-led programs separately from that of training-led programs, for a few reasons: delivering loans is a primary focus of the programs, their scale of lending is much higher, and their borrowers tend to fit a more 'credit-ready' profile than the borrowers of training-led programs.

The Peer Groups: Portfolio Quality by Methodology									
(FY 2001 figures)	Credit-led programs			Training-led programs			All MicroTest programs		
	N	Average	Maximum	N	Average	Maximum	N	Average	Maximum
Microloans Outstanding	31	157	1,032	24	37	268	55	105	1,032
Value of Microloans Outstanding	31	$945,973	$5,618,936	24	$178,986	$632,457	55	$611,288	$5,618,936
Average Microloan Size	31	$6,787	$24,583	23	$3,623	$21,333	54	$6,288	$24,583
Portfolio Loaned to Start-Up Businesses	28	34%	97%	24	54%	100%	52	43%	100%
Restructured Loan Rate	31	10%	61%	23	8%	47%	54	9%	61%
Loan Loss Rate	31	6%	35%	23	4%	19%	54	5%	35%
Total Portfolio at Risk	31	16%	36%	24	12%	65%	55	14%	65%

Credit-led programs hold over $29 million (about 87%) out of the total group's $33.6 million in portfolio outstanding.

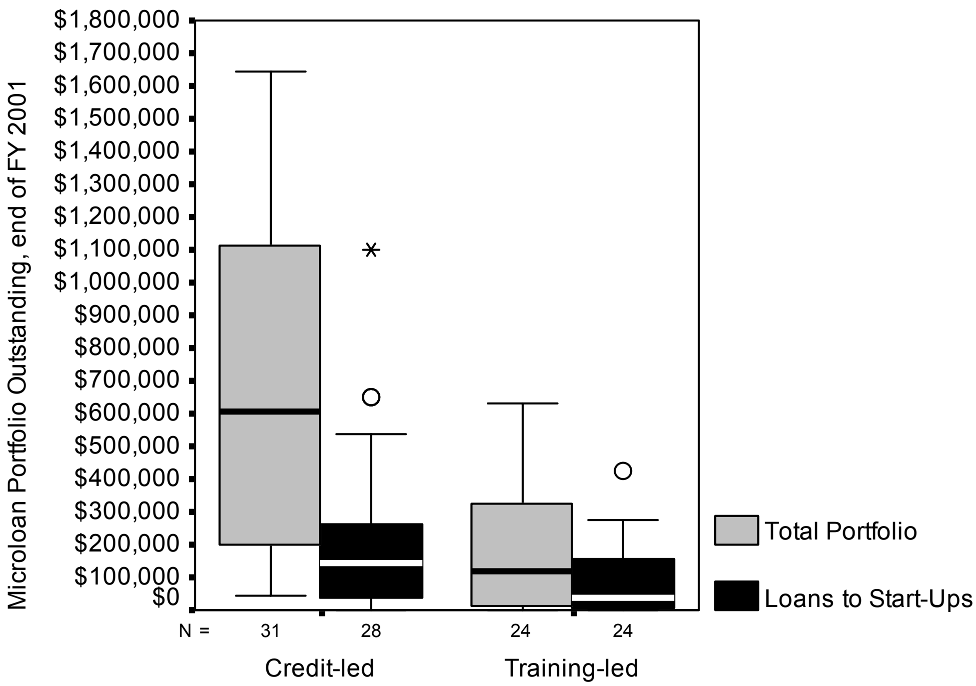
Total Portfolio by Program Methodology



As the boxplot diagram below shows, half of the 31 credit-led programs in MicroTest had outstanding portfolios between $200,000 and $1,100,000, and the median portfolio size for the total credit group was just over $600,000. A few programs held much larger portfolios ("off the chart" below), including 3 with over $3 million in portfolio. Lending to start-up businesses represents a relatively small piece of the overall portfolio of the credit-led group, though a few credit-led programs do focus their services to these businesses.

Portfolio Outstanding and Loans to Start-Up Businesses

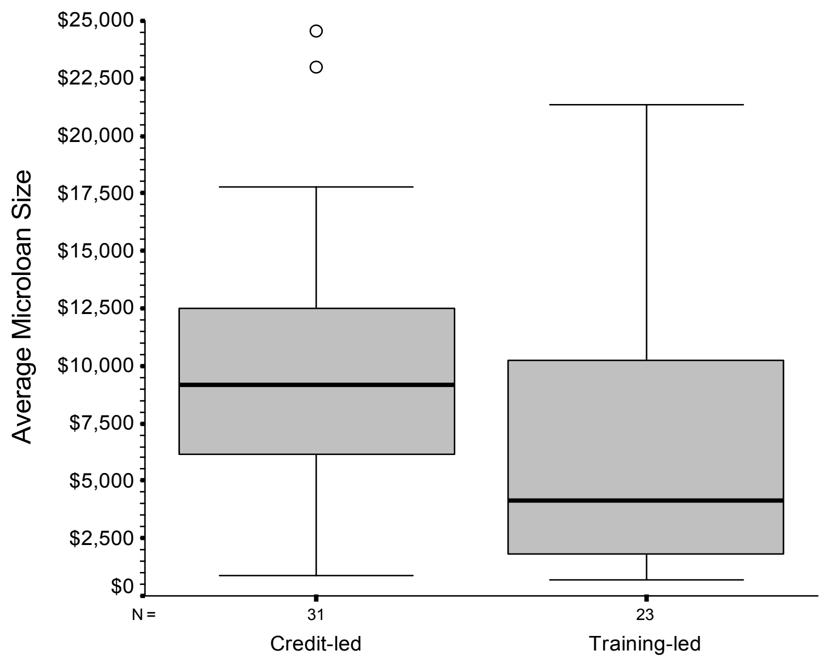
Credit-led and Training-led Program Ranges



Also shown in the graph above, the 24 training-led programs that lend to their credit-ready clients show a median total portfolio of just over $100 thousand, more than half of which supports start-up businesses. On average training-led programs have fewer and smaller loans outstanding (37 loans averaging $6,731 each with a median average loan size under $5,000) compared to credit-led programs (with 157 loans averaging $9,773 each), which helps to minimize their otherwise relatively high exposure to risk from lending to more nascent businesses.

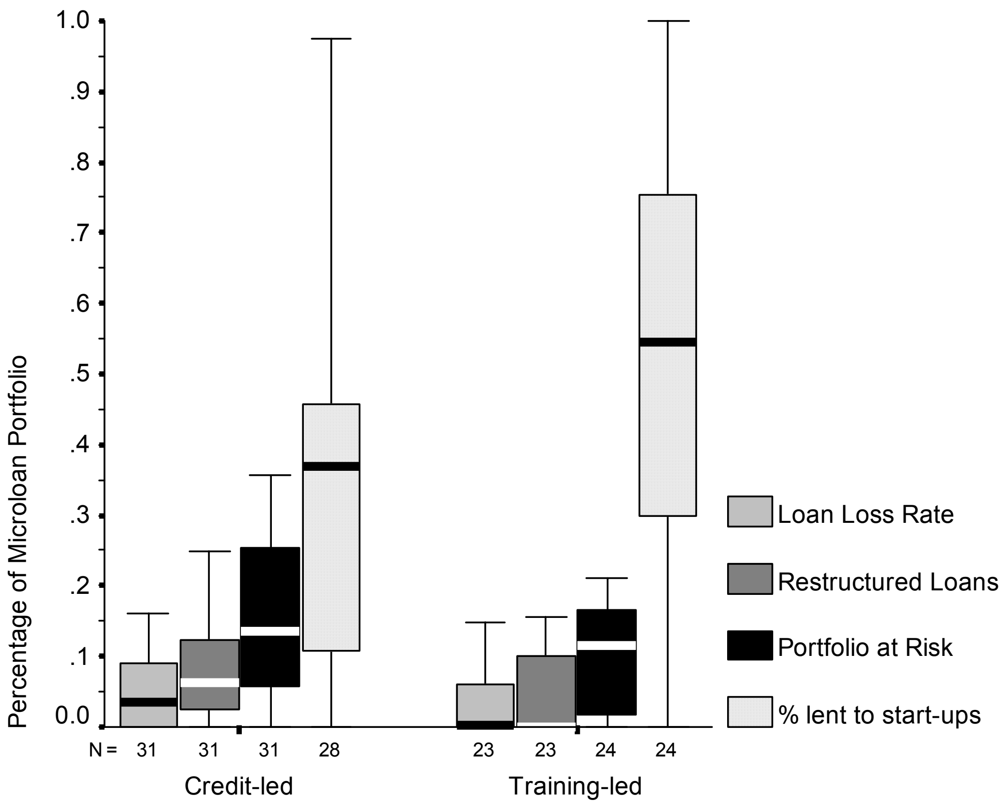
Interestingly, the average loan sizes for credit-led programs, by and large, fall within a fairly narrow band from $7,000 to $12,500, reflecting the specialization or focus on particular loan products that can yield efficiencies. Training-led programs, as a group, do not exhibit the same degree of loan product specialization. While their average loan sizes are lower, they also range more broadly, from $2,000 to $10,000 for half the group and up to almost $22,000 for some others. This range indicates that while many training-led programs are driven by their missions to serve disadvantaged and low-income clients, some also have broader missions to invest their loan capital in on-going businesses that require larger loans.

Average Microloan Size by Program Methodology



Both credit-led and training-led programs in MicroTest show strong FY 2001 portfolio quality performance. Median (14%) and average (16%) rates of PAR for credit-led programs are just slightly higher than the average or median PAR rates for training-led programs, at 12%. And average loan loss rates for the two peer groups, at 6% for credit-led and 4% for training-led programs, suggest minimal write-off issues in the MicroTest cohort in FY 2001.

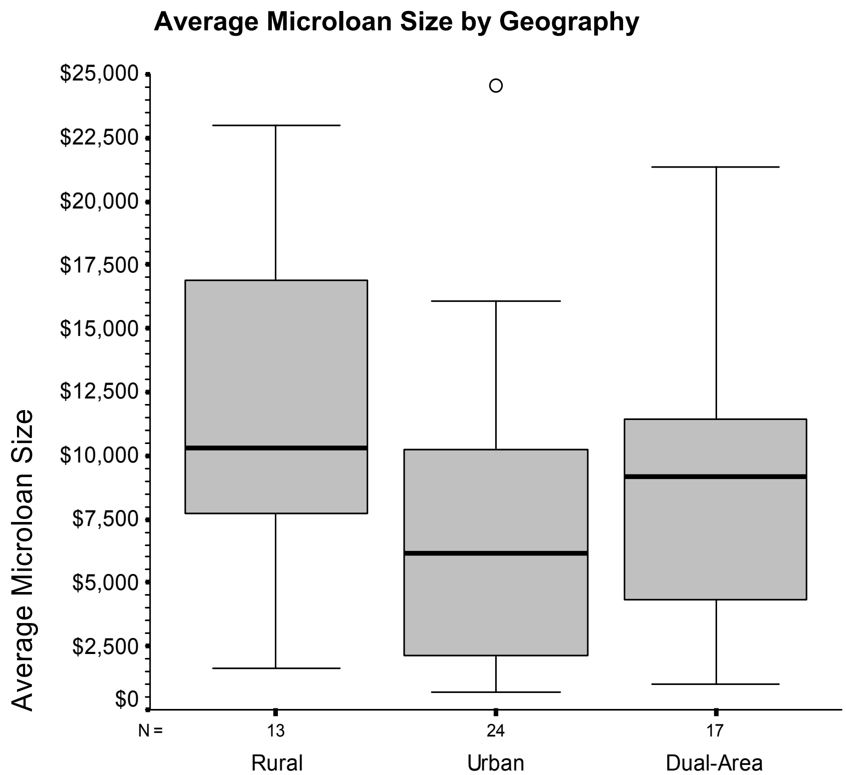
Portfolio Quality Measures by Program Methodology



In sum, while methodology clearly influences the scale of a program's lending as well as the business status of a program's clients, it does not determine the quality of a program's portfolio management. It appears that by targeting more credit-ready clients, credit-led programs are able to expand their lending activities more broadly. On the other hand, training-led programs tend to lend to an inherently more risky population and are able to maintain portfolio quality by keeping their portfolios small (in part due to making smaller loans) and investing in more up-front training.

Credit Program Effectiveness by Geography

The geographic setting and scope of a lending program also exert some influence on indicators of portfolio quality and should be taken into consideration when assessing program performance.

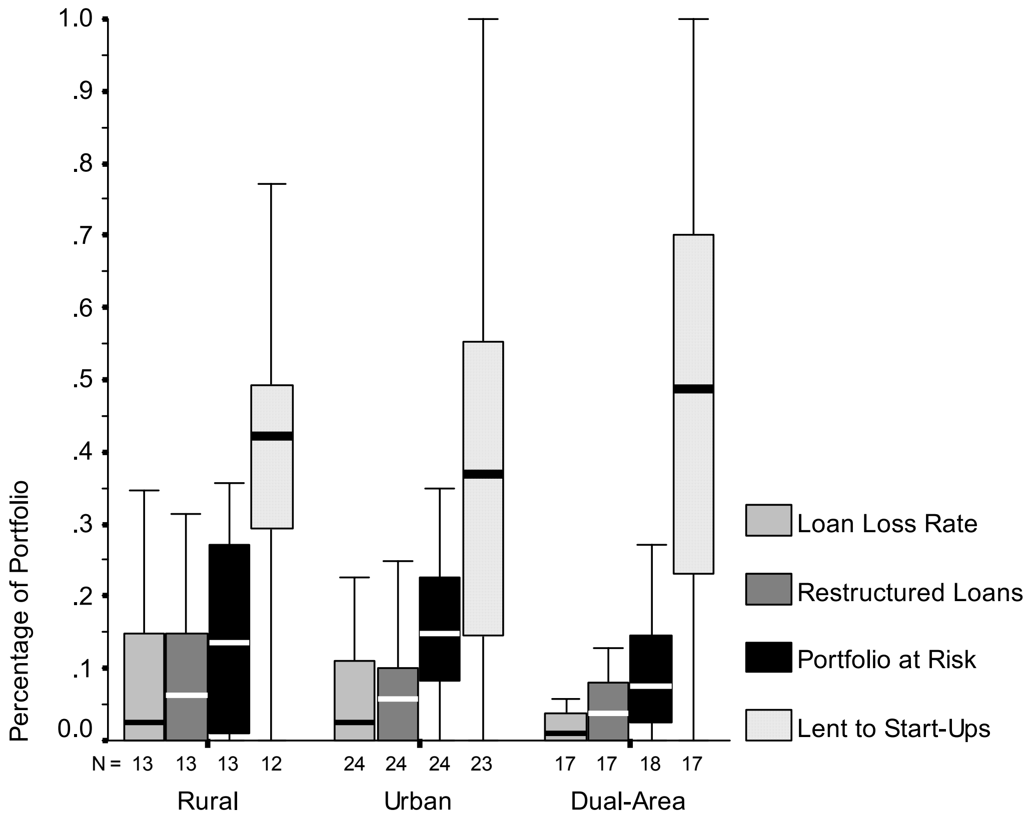


As the boxplot diagram above shows, rural programs as a group report making somewhat larger microloans than either urban or dual-area programs. This may reflect the fact that this group of rural programs serves a higher percentage of clients with on-going businesses (see p.13) that require and are able to absorb higher levels of debt.

Portfolio Quality by Geography

Dual-area programs, almost as much as training-led programs, lend hefty amounts of their portfolios to start-ups (49% on average). Yet, dual-area programs also show lower PAR than urban or rural programs, and lower PAR than any other peer group. The very strong portfolio quality of dual area programs appears due to the influence of some large and effective state-wide lending programs in this particular peer group. Loan loss rates do not seem to vary by geographic peer group, and are consistent with the low levels of LLR seen in MicroTest overall.

Portfolio Quality Measures by Geography

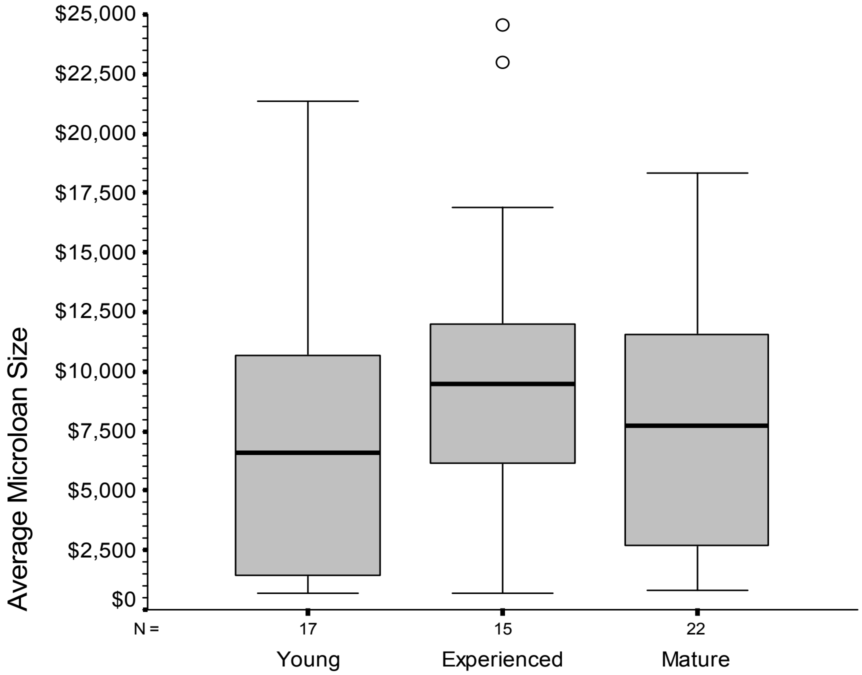


Credit Program Effectiveness by Program Age

Experienced programs have achieved, on average, greater scale than mature programs and are much larger than most young programs. As a group these 16 programs account for about half the total portfolio in MicroTest, and include some of the largest statewide lenders in the overall cohort.

The median average loan size for young programs is somewhat lower than either experienced or mature programs, and, like training-led programs, young programs exhibit a broad range of average loan sizes. Experienced programs, which as we have seen contain the most prolific lending programs in MicroTest, have, with the exception of two programs, a fairly narrow range of average loan sizes, and a median average loan size slightly higher than that of the other peer groups.

Average Microloan Size by Program Age

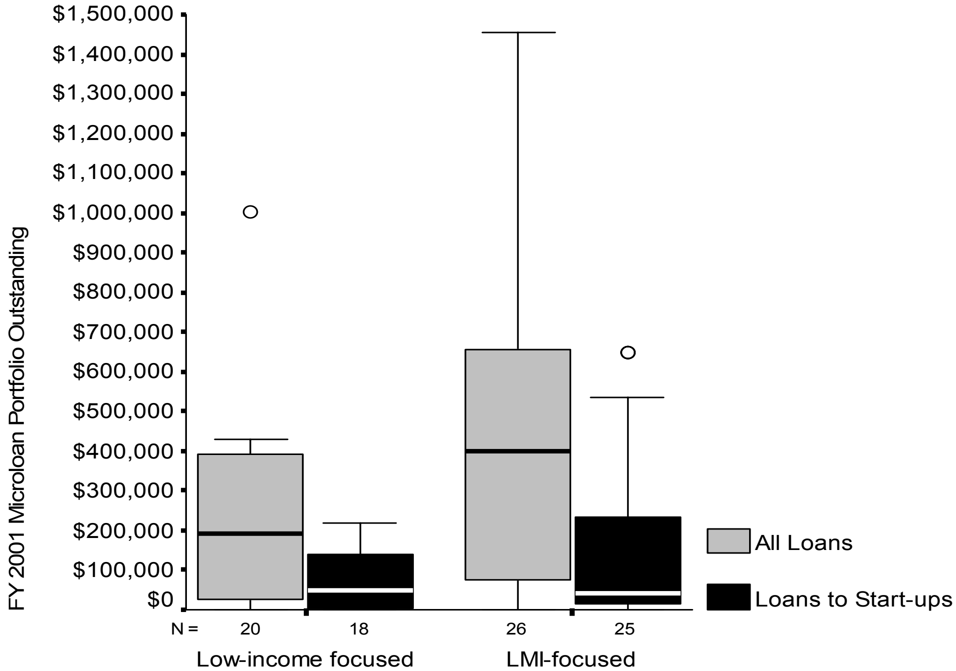


There are not major differences in portfolio quality indicators among young, experienced and mature programs. Young and mature programs have very slightly higher levels of PAR which could reflect the broader range of lending to start-up businesses in these peer groups compared to the more limited range in the experienced group.

Credit Program Effectiveness by Poverty Focus

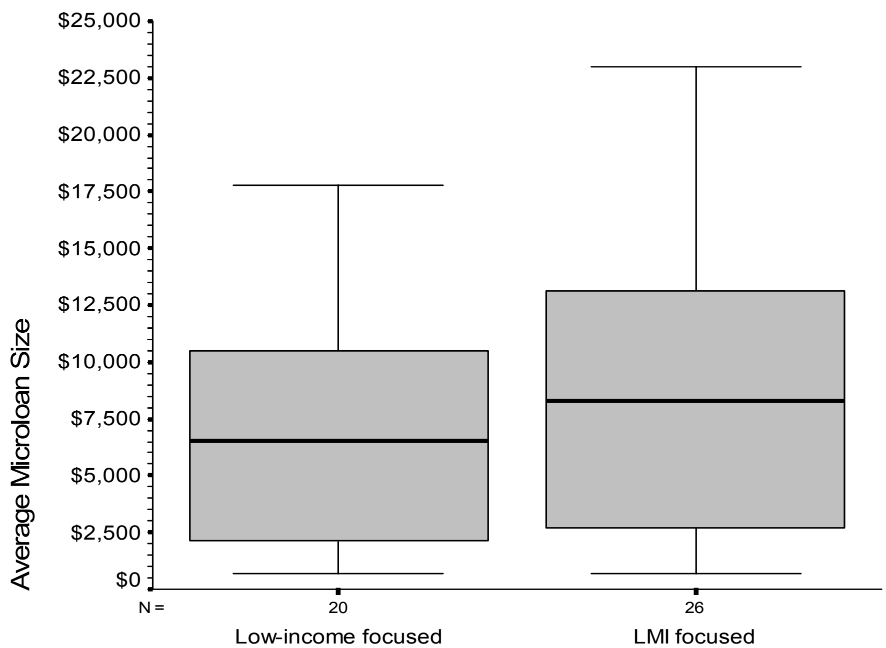
This section discusses how portfolio quality varies for those programs (whether credit or training-led) with a strong poverty focus compared to those serving a broader target market. The first point is that LMI-focused programs tend to have larger outstanding loan portfolios: the median portfolio for LMI programs is roughly $200,000 more than the median for low-income programs. Also, low-income programs lend about half their portfolio to start-up businesses, a much higher percentage than do LMI programs.

Portfolio Size and Lending to Start-ups, by Poverty Focus



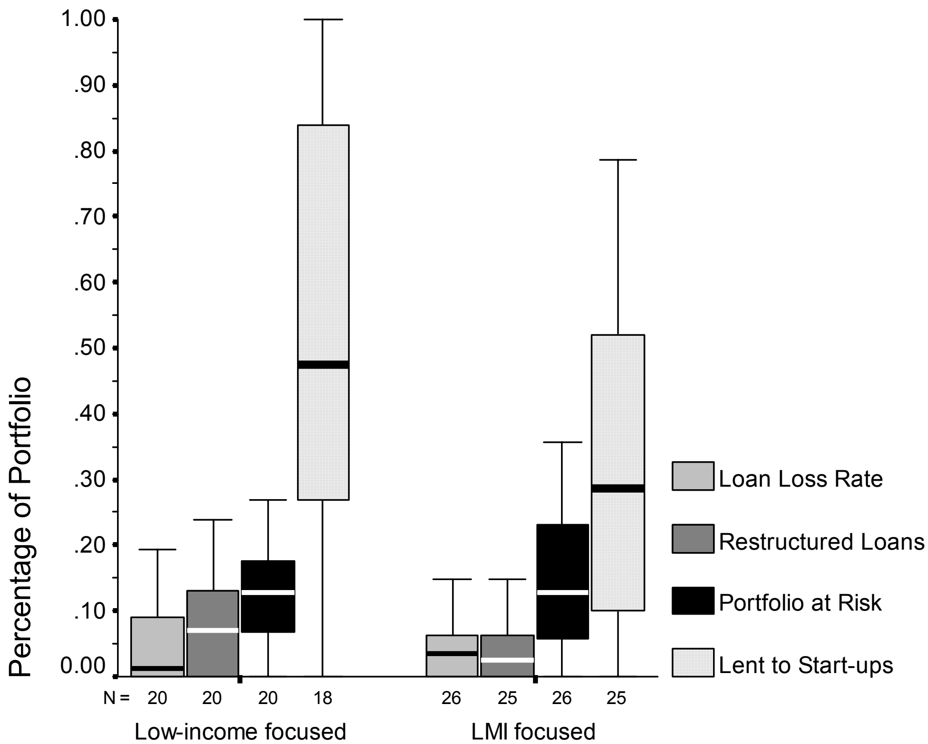
As expected, average loan sizes between the two groups differ, with low-income programs tending to offer smaller loans than LMI-focused lending programs. However, the loan size differences between the groups are not as pronounced, perhaps, as might be expected—there is a difference of just under $2,000 between the median loan sizes offered by the two programs.

Average Microloan Size by Program Poverty Focus



There are not major differences in the average or median portfolio quality indicators between those programs with a strong poverty focus compared to those serving a broader target market. As the graph below shows, low-income focused credit programs have a somewhat riskier profile due to more lending to immature businesses. While their PAR, as a group, does not seem to reflect that risk, in fact, they are restructuring a higher percentage of their loans than are most LMI-focused programs. On balance, however, both peer groups exhibit strong portfolio management.

Portfolio Quality Measures by Program Poverty Focus



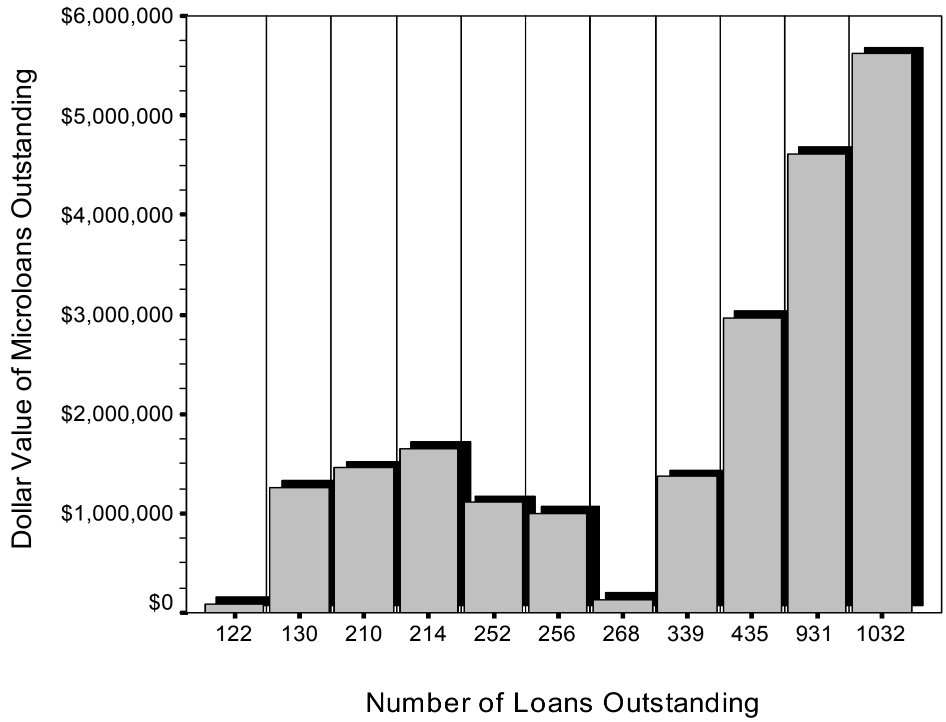
What does Top Performance Look Like?

This section identifies top performance in credit as it has been achieved by a group of lenders each of which held at least 119 microloans in portfolio at the end of FY 2001. The rationale for taking the number of microloans in portfolio as the 'baseline' for examining top performance is that it yields a group of MicroTest credit programs with both a diverse range of average loan sizes and solid portfolio quality indicators.[15] Obviously there are trade-offs between keeping loan loss low and growing a credit program.

The eleven top performing credit programs in terms of loans outstanding each held from 122 to 1,032 outstanding microloans at the end of FY 2001. The dollar value of these portfolios ranged very widely: from a low of \$84,000 to a high of almost \$6 million.

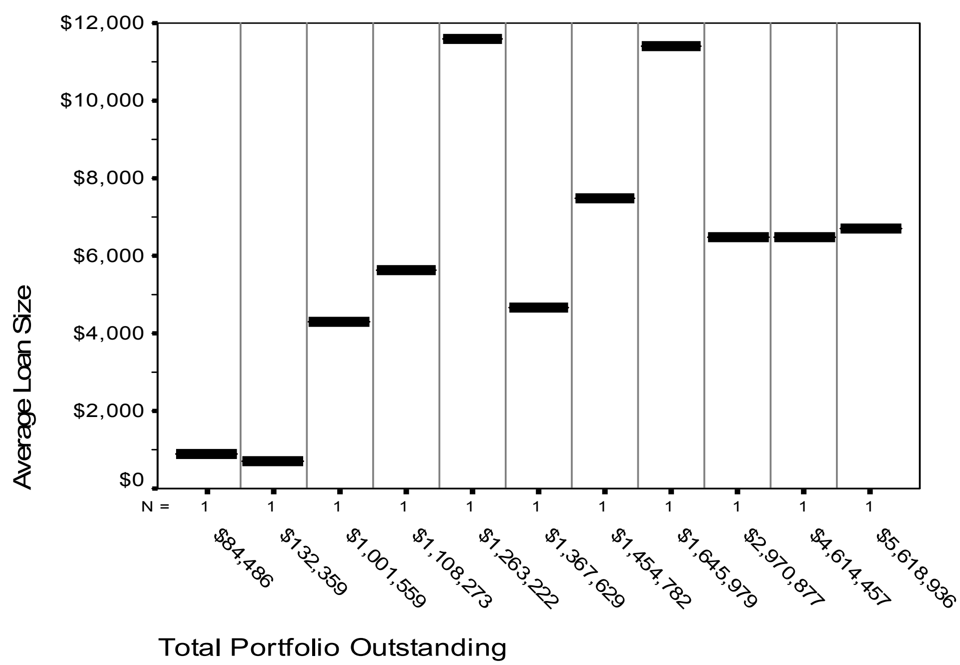
[15] An alternative approach would have been to take those credit programs that exhibit the lowest levels of loan loss or total portfolio at risk and describe their characteristics. However if we were to look at just those top performers in PAR or LLR, we would see a group of small lenders with minimal risk in relatively miniscule portfolios (a median 18 loans outstanding for under \$100,000—including 5 small credit-led and 6 tiny training-led programs).

Top Performance in Credit: Loans Outstanding



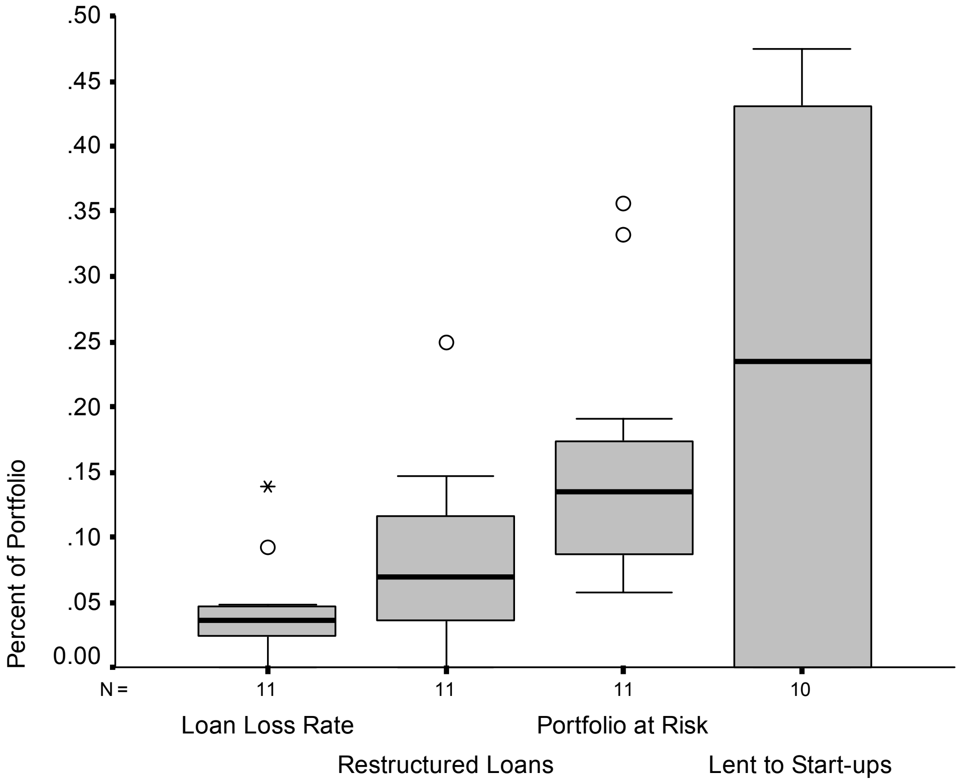
The range of average loan sizes in this group is broad: from a low of under $1,000 to $12,000. However, four of the top five credit programs in portfolio outstanding make loans that average between $6,000 and $7,000.

Average Loan Sizes of Top Performing Credit Programs



The above range of average loan sizes and portfolios implies that these microenterprise lending programs work with different target markets and are driven by a range of missions, yet each has developed the expertise and systems to achieve top performance in terms of numbers of loans in their portfolio.

Portfolio Quality Measures for Top Performing Credit Programs



In terms of portfolio quality, this group resembles the credit-led peer group with respect to strong loan loss rates and to PAR, but has a somewhat lower median percentage of its portfolio invested in start-up businesses. On the other hand, the range of lending to start-up businesses by this group is still very broad, with some programs focusing exclusively on on-going businesses and others directing sizable portions of their portfolio to start-ups. This range again reflects the diversity of credit program missions within the top performing group.

Building an Effective Credit Program

Four FIELD Scale grantees were credit programs with strong and growing portfolios and solid performance results. Their experience suggests that an effective and growing credit program requires a number of elements:

- A range of financial products that make sense to their clients, that have been tested in the marketplace, and that the organization can offer at a reasonable price;
- Strong and ongoing marketing efforts;
- Staff and/or sites where clients can get access to loans (or loan information) that are physically close to clients;
- Standard loan underwriting processes that make explicit the most important loan decision criteria, and are based on program experience;
- Solid management information systems that efficiently track a client's movement through the system, and which flag delinquency problems as soon as they emerge;
- Immediate follow up with delinquent clients to address payment issues as soon as they emerge.

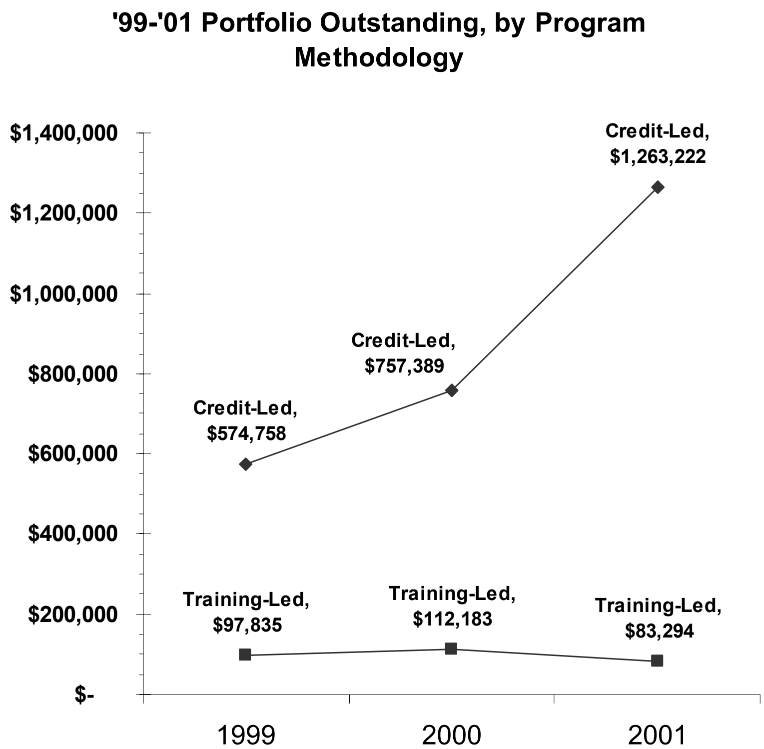
For more information, see *Scaling Up Microenterprise Services* and *Credit Evaluation Grids for Microlenders: A Tool for Enhancing Scale and Efficiency*

What do Portfolio Quality Trends Tell us?

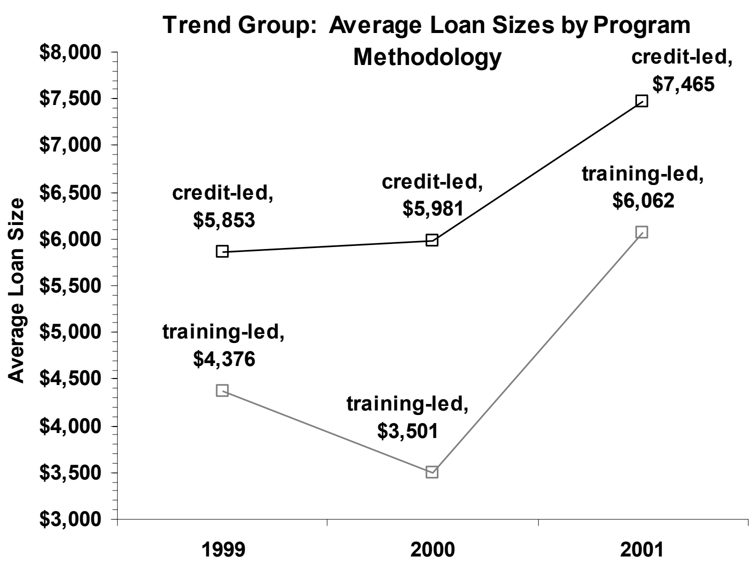
Though the overall trend group is more training-led (62%) than credit-led (38%), not all of the programs in the trend group engage in lending. Within the group, the programs that do engage in lending are about evenly split between credit-led programs for whom lending is the primary focus of their activities (13 of 27) and training-led programs that also offer microloans to some of their credit-ready clients (14 of 27). The rest of this section describing trends in microloan program effectiveness will present the data for lenders in the trend group; this data will be presented for both the credit-led and the training-led sub-groups within the broader trend group.

The 14 credit-led programs within the trend group have shown consistent growth over the period in terms of total portfolio outstanding, with some groups demonstrating remarkable growth. On the other hand, and as might be expected, the scale of lending of the 14 training-led programs in the trend group has remained fairly modest.[16]

[16] Median portfolio outstanding figures in the time series graph referenced here have been adjusted to 2001 dollars.



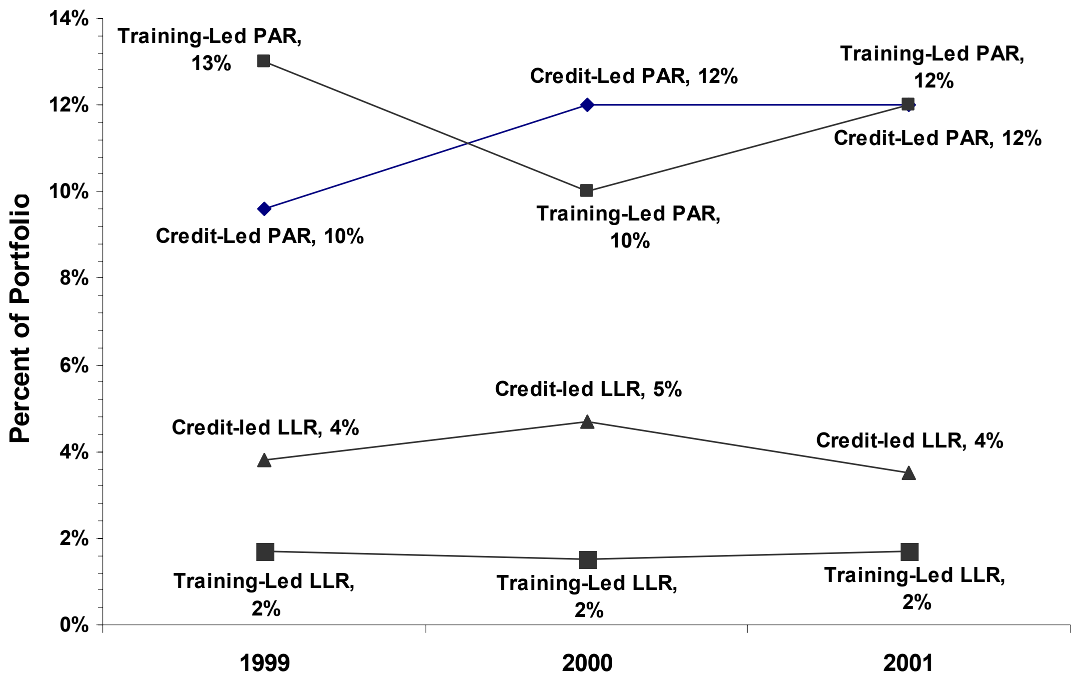
Average loan sizes for the trend group have gone up over the period, with most of the increase happening from 2000 to 2001.[17] Training-led programs demonstrate a broader range of average loan sizes (from less than $1,000 to almost $16,000) than do credit-led programs (from more than $1,000 to just over $13,000). The median for credit-led programs is consistently higher; generally, credit-led programs make more loans for higher amounts than do training-led programs.



[17] Average loan sizes in the time series graph have been adjusted to 2001 dollars.

While portfolio at risk rates for several credit-led and training-led programs increased from 1999 to 2000 and then dropped again in 2001, the median PAR for both groups has remained stable, hovering between 10% and 13%.

Portfolio at Risk and Loan Loss Rates



Loan loss rates for the trend group have remained low and indicate effective portfolio management by programs in both peer groups. Credit-led programs appear to tolerate a slightly higher degree of loan loss than do training-led programs, which is likely one contributing factor in their ability to grow their portfolios.

An Overall Look at Program Costs and Efficiency

Having examined the outreach, scale, and service effectiveness of programs in MicroTest, this report turns to consider some key questions related to how efficiently programs use internal resources. These cost and efficiency measures help the staff and management of programs in MicroTest to see how the investments they make—to train one client or to assist one business or to manage each dollar in their loan portfolios—compare to other programs. Efficiency and cost ratios can serve as indicators to program managers of inefficient aspects of their operations, and help inform their efforts to lower costs. They are also presented here for those public and private sector investors and supporters of microenterprise who are interested in cost data on the industry.

Some of the questions this section seeks to address include:

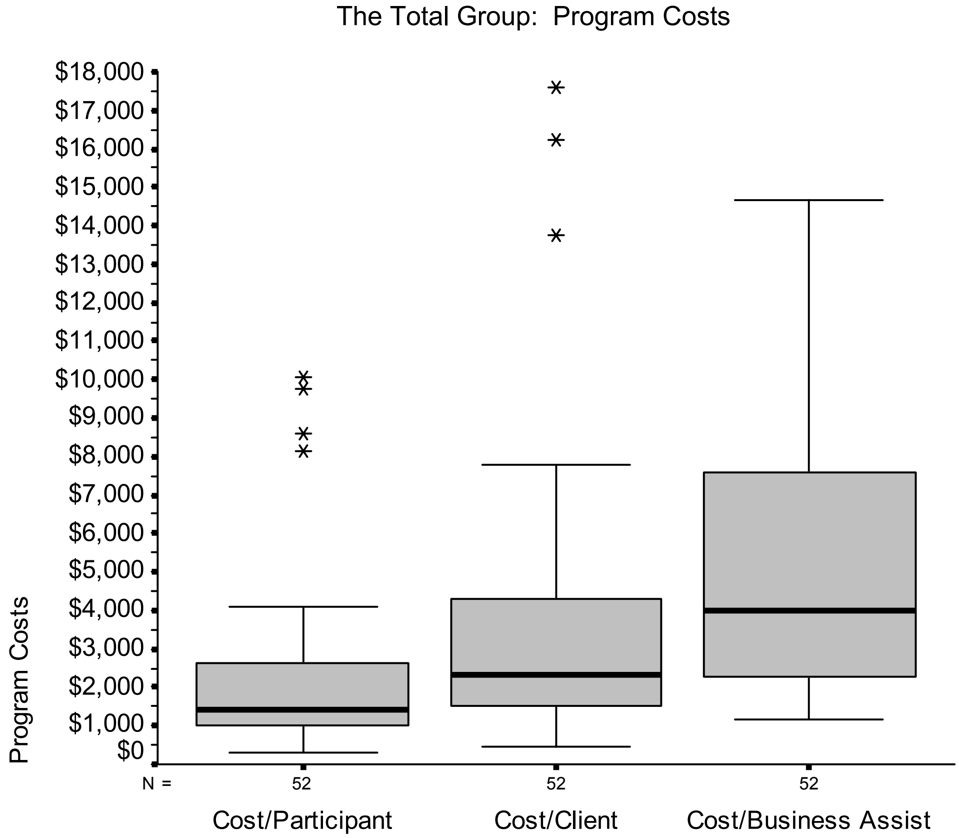
- On average, how much do programs invest per client and per participant, to deliver core services?
- How do these costs differ across peer groups? For example, are credit-led programs more or less efficient on a per client basis than training-led programs?
- What levels of efficiency are being achieved by top performing programs?
- How have costs on a per-client and per-business basis changed since 1999? Have credit programs become more efficient over time at managing dollars in their portfolio?

The Total Group: Program Costs

MicroTest members regularly assess the efficiency of their programs against several different measures. This report will focus on a limited number of key cost and efficiency measures. Readers interested in further detail should refer to the tables of data included in the Appendices of this report. The costs presented here divide all program operating expenses over three different units of measure: participants, clients and assisted businesses.[18]

For most programs, the number of participants they serve is much larger than the number of clients, and represents all individuals who received any level of service from the program during the year. Costs per participant, therefore, typically fall below costs per client. As the graph shows, costs per participant for most programs ranged from about $1,000 to $2,500; the median participant cost was $1,309. A few extreme and outlying programs reported much higher costs per participant. While costs per participant are lower than costs per client they nonetheless reflect important investments programs make in providing a level of service to individuals seeking help with self-employment options; these costs also reflect the investment many programs make in providing a level of on-going support to former clients who request periodic follow-up assistance.

[18]MicroTest recognizes that these are very rough cost measures. The cost per participant measure, for example, presents a blended cost rate regardless of the amount of service each individual received. The cost per client measure does not account for the fact that part of an institution's costs may have been allocated to a pool of individuals receiving less intensive, but valuable services. Readers should therefore understand that the cost per client measure, for programs that have a large difference between their numbers of clients and participants, is overestimated.



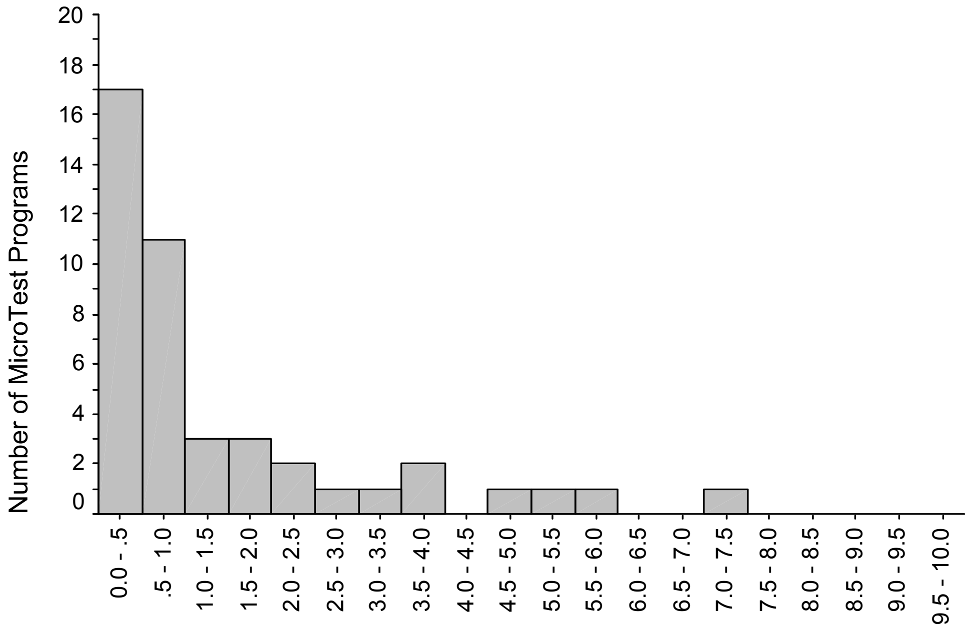
Costs per client are higher because fewer individuals meet the MicroTest definition of client, which is based on the intensiveness of services offered. Programs expect that outcomes are more likely to be observed in these individuals than in those for whom less assistance is offered. For half the programs in the total group, the cost per client ranged from $1,500 to about $4,400. The median and average costs per client for the total group were $2,300 and $3,735, respectively, indicating that a handful of programs with extremely high costs per client (above $8,000/client) influenced the group's average client cost.

Costs per assisted business are still higher, because the same operating expenses are being divided by a smaller denominator: there are fewer businesses than clients. This measure is based on the business status of clients at the time they entered the microenterprise program, and not every client comes to the program with an existing business.

The Total Group: Program Efficiency Measures
This section explores efficiencies related to credit programs (operational cost rate) as well as a measure of staff efficiency (clients per direct service provider). The operational cost rate ratio describes how much it costs a program to make and manage one dollar in its outstanding microloan portfolio. For example, an operational cost rate of 0.87 means that it costs a program $0.87 to make and manage every $1 it has outstanding to borrowers. The lower the operational cost rate, the more efficient the lending program is understood to be.

The median operational cost rate for 49 programs that reported this data to MicroTest is 0.89. The average operational cost rate of 2.54 is higher due to the influence of a few training-led programs with very small outstanding loan portfolios. As the graph below shows, 28 out of the 49 credit programs in MicroTest spend less than $1 to make and manage every dollar outstanding in portfolio, and 17 programs spend less than $0.50.[19]

The Total Group: Operational Cost Rates

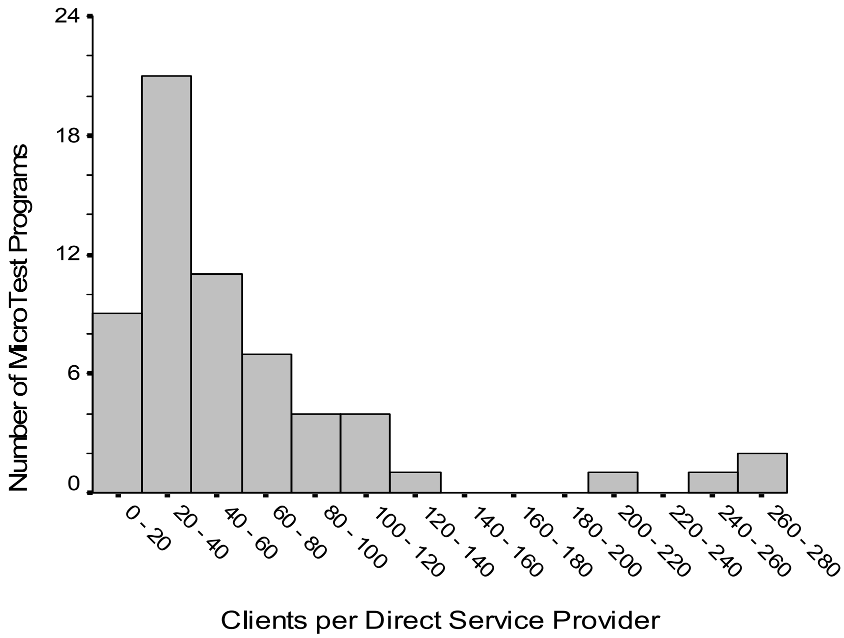


Operational Cost Rate

The clients per direct service provider ratio allows programs to see how efficiently they are serving their clients. Some programs may wish to keep this ratio low in order to ensure a high degree of touch and responsiveness to their clients; others may focus on pushing staff to serve more clients in order to keep costs low. The 61 programs in the total group serve a median of 44 clients per DSP, and an average of 60 clients per DSP. As the graph below indicates, some programs are allowing staff to serve very high numbers of clients, but most programs (40 out of 61) have client/staff ratios of less than 60:1.

[19] Four training-led programs with outlying OCRs are not represented in this histogram.

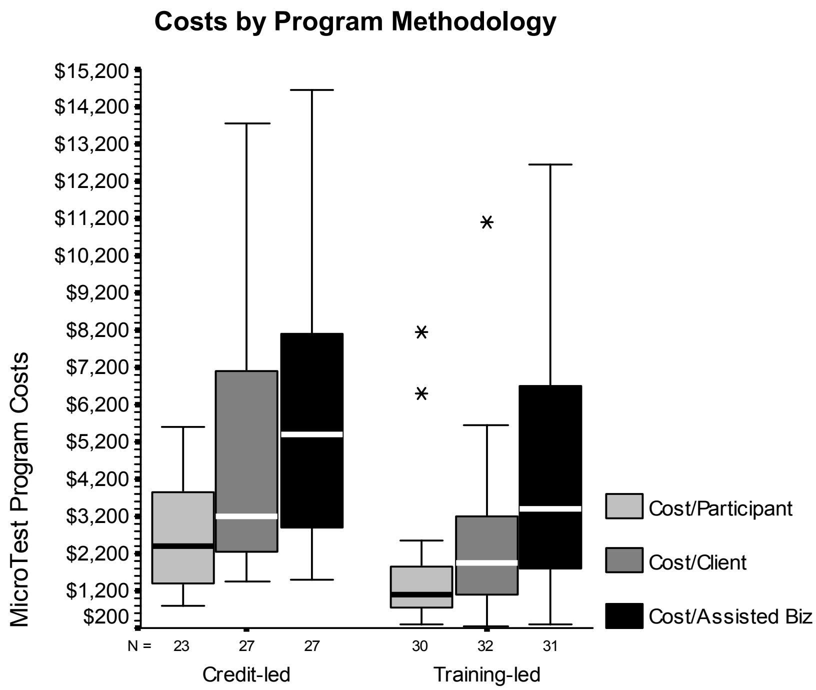
The Total Group: Clients per Direct Service Provider



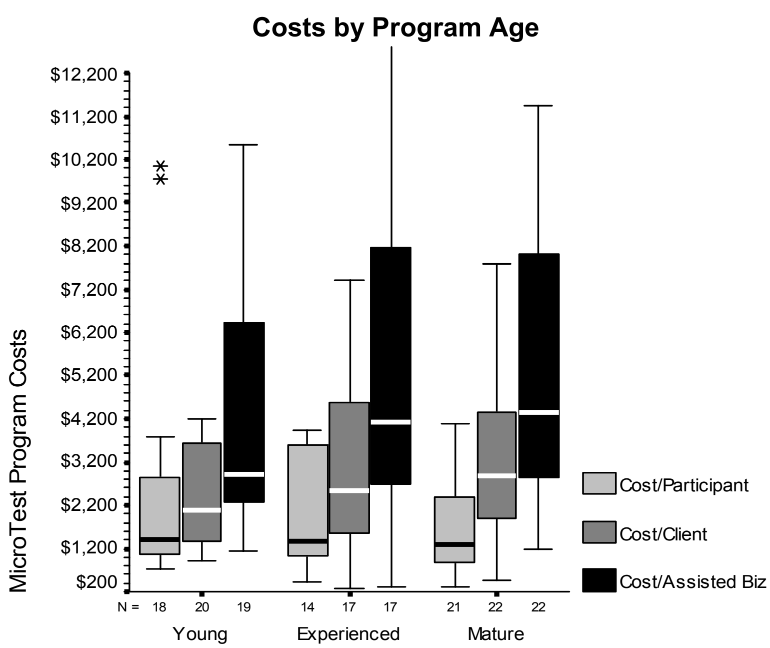
The Peer Groups: Costs per Participant, Client and Assisted Business										
(Median FY 2001 Data)	Credit-Led	Training-Led	Young	Exper-ienced	Mature	Rural	Urban	Dual-Area	LIF	LMI-focused
Cost per Participant	$2,400	$1,098	$1,404	$1,383	$1,306	$1,306	$1,918	$1,083	$1,887	$ 1,239
n=	23	30	18	14	21	15	23	15	22	22
Cost per Client	$3,213	$1,945	$2,090	$2,531	$2,898	$2,849	$2,393	$1,934	$ 2,255	$ 2,531
n=	27	32	20	17	22	15	25	19	23	25
Cost per Assisted Business	$5,409	$3,375	$2,925	$4,109	$4,359	$3,914	$5,459	$3,441	$ 4,109	$ 3,914
n=	27	31	19	17	22	15	25	18	23	25

What Difference do Program Characteristics Make?

Median costs per client across the different peer groups vary within a fairly narrow band, from a low of $1,934 for dual-area programs (which are also often large state-wide agencies spreading their costs across more clients than a single office typically serves) to a high of $3,213 per client for credit-led programs. The difference between median client costs for training-led and credit-led programs reflects the observation made earlier that training-led programs tend to serve larger numbers of clients which allows them to spread their costs against more individuals than credit-led programs.



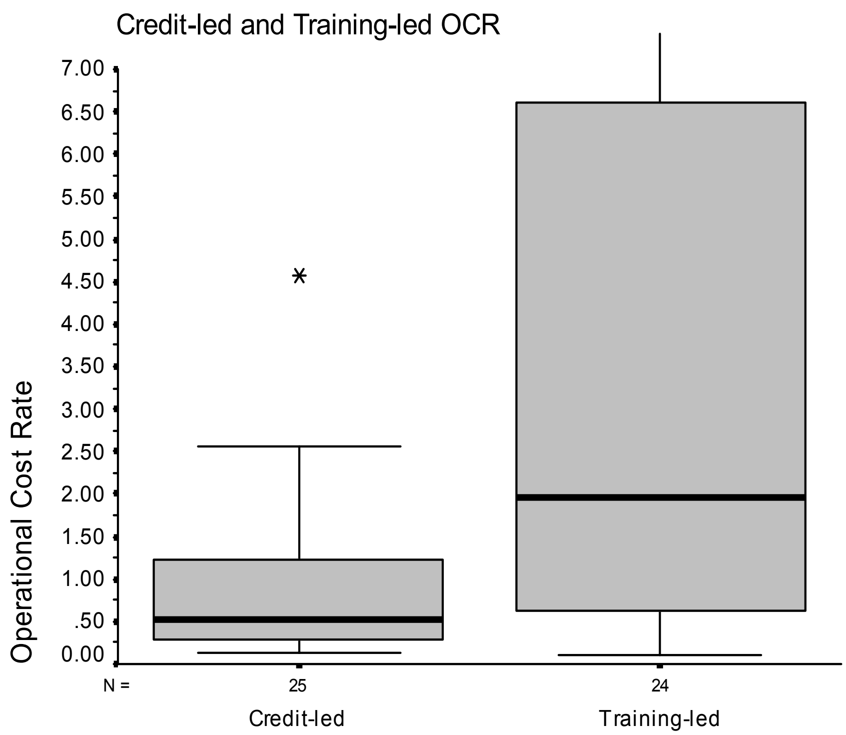
Mature program costs per client are also a little higher than that of either experienced or young programs. As the analysis under 'training program effectiveness' above discussed, mature programs tend to deliver more time intensive, one-on-one technical assistance on a per client basis than other programs and may be adding more services as they gain expertise, so their more elevated per client costs likely reflect this investment of staff resources. These costs could also stem from the investments many mature programs have made in developing good information management systems and keeping high quality staff.



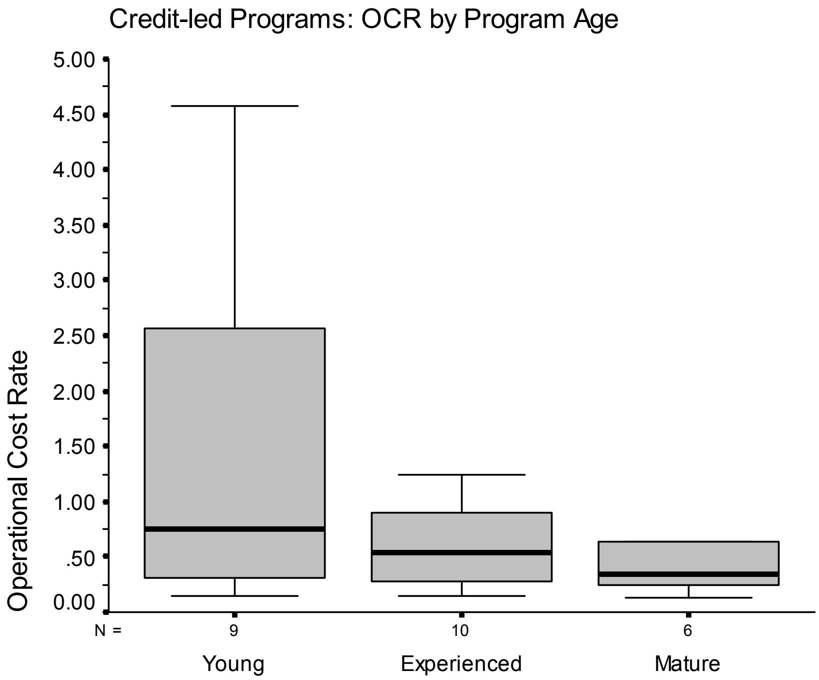
Rural programs also show somewhat elevated costs per client which may reflect both that they face higher costs associated with providing technical assistance to clients who are spread over a wide area, and that they are typically smaller programs that must spread their costs against fewer clients served.

The Peer Groups: Program Efficiency Measures										
(Median FY 2001 Data)	Credit-Led	Training-Led	Young	Exper-ienced	Mature	Rural	Urban	Dual-Area	LIF	LMI-focused
Operational Cost Rate	0.53	1.94	1.98	0.59	0.89	0.36	1.59	0.67	0.87	0.98
n=	25	23	15	13	20	10	22	17	19	23
Clients per Direct Service Provider	31	56	29	47	48	37	31	59	33	39
n=	29	32	21	18	22	17	24	20	23	27

As the graph below shows, operational cost rates vary as expected, with credit led programs showing a strong median OCR of $0.53 per dollar outstanding. Training-led programs have much higher OCRs due to the small size of most training-led program loan portfolios. Because the sizes of portfolios take time to build, credit-led programs tend to get more efficient by this measure as they mature.



The graph below displays the operational cost rates of the 25 credit-led programs in MicroTest, according to their age. It shows how OCRs drop as credit-led programs' average outstanding portfolios grow over time.



Training-led, young and urban programs show the weakest OCRs, which in the case of young and training-led programs reflect their relatively small total portfolios. For the 22 urban programs, the higher median and average OCRs are driven by the presence of 10 training-led programs in the urban group in addition to the relatively young age of the 12 credit-led urban programs (6 of whom are young).

The peer groups exhibiting higher performance in terms of staff efficiency are the training-led and dual-area programs, which tend to be quite large in terms of numbers of clients served each year. Those programs that have lower client/DSP ratios include young, urban and low-income focused programs whose clientele often require more personal attention from program staff.

What does Top Performance Look Like?

As measured by costs per client in FY 2001, the twelve most efficient programs in the MicroTest total group spent less than $1,371. All twelve were training-led programs, and their median cost/client was $949. They are not concentrated in a particular geographic setting: 4 are rural, 3 are urban and 5 are state-wide or dual-area, though the dual-area programs in this group report the lowest costs/client (mean of $560, and median of $670). Neither are they concentrated in an age category: they include 5 young, 3 experienced and 4 mature programs, with the older (and larger) programs reporting slightly lower costs/client than the young programs. Somewhat surprisingly, 7 of the 12 are large poverty-focused programs. They tend to offer less intensive services to clients (29 hours of training and technical assistance per client per year) compared to the overall training-led peer group (36 hours).

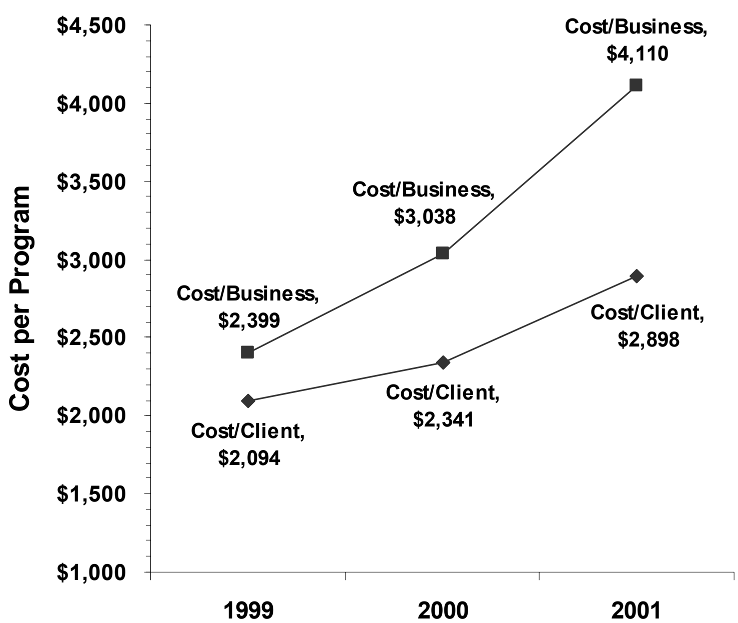
Top performance in terms of credit program efficiency means that a lending program's operational cost rate is at or below 0.28. Nine MicroTest programs met this measure of efficiency in FY 2001. They include 6 credit-led and 3 training-led programs. The 6 credit-led programs had generally large average outstanding portfolios (median of $1,200,000), while the 3 training-led programs did not (from $350,000 to $450,000), though both sets of programs' average outstanding portfolios dwarf the overall average outstanding portfolios of their respective peer groups. Programs in this top performing group tend to work with a clientele that has more business experience (the median percentage of start-up clients in the group is 15%) and is less in need of credit-related training or technical assistance than younger businesses. Portfolio at risk and loan loss rates for these efficient lenders are strong and consistent with PAR and LLR rates generally in the credit-led peer group. The nine programs here are evenly distributed across geographic, age and poverty-focused peer groups.

What do Cost and Efficiency Trends Tell Us?

Costs, as measured by median figures within this trend group, are generally trending upwards, with a greater increase on a per-client or per-business basis occurring from 2000 to 2001. These increases may reflect conscious decisions some programs are making to invest more staff time and resources in clients with businesses that are poised to grow and positively influence a local economy.

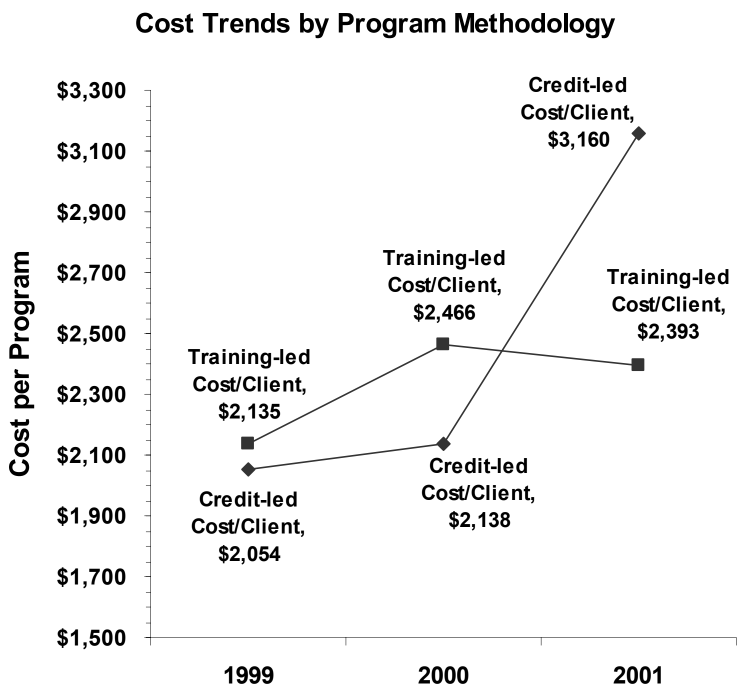
The time series graph below shows inflation-adjusted, median costs per client and per assisted business for the trend group. The trend group's median per client (n=28) and per business costs (n=24) rose faster from 2000 to 2001 than they did from 1999 to 2000.

The Trend Group: Program Costs

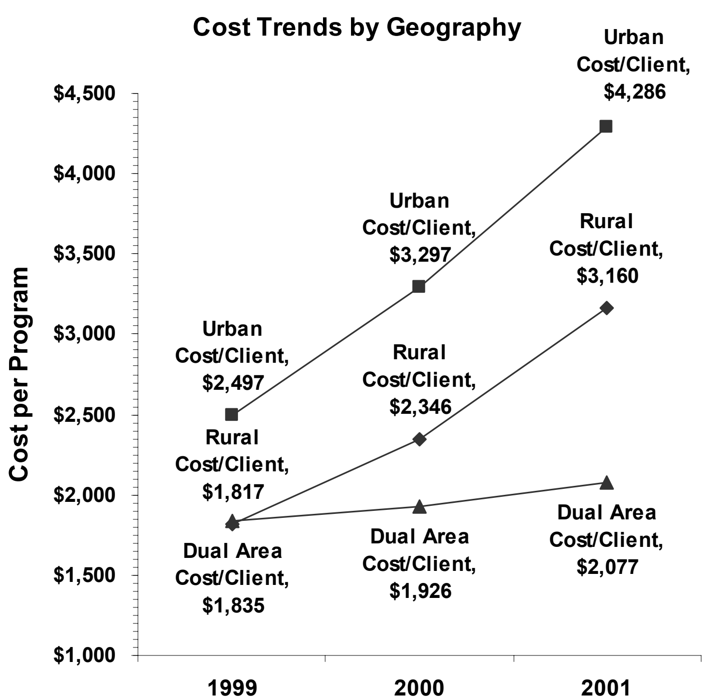


There are some notable differences in these trends for the different peer groups as well. First, credit-led programs' median cost per client (n=11) jumped from 2000 to 2001 by about $1,000 whereas the median cost per client of training-led programs (n=17) declined slightly over the same period.[20]

[20] The cost trends by program methodology have been adjusted for inflation to 2001 dollars.



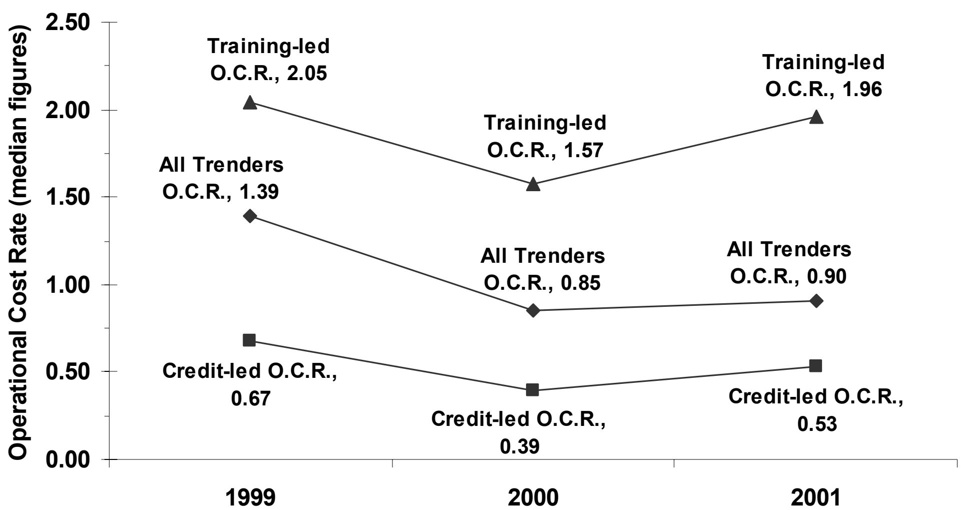
Second, costs per client for both rural (n=9) and urban programs (n=9) also rose over the period, while the median per client costs of dual-area programs (n=10) stayed relatively constant. As the report has shown, dual area programs are often quite large (most of the 10 shown below have been large programs since 1999) and can spread their operating expenses against many more clients than either rural or urban programs.



The poverty-focus of a program in the trend group does not appear to correspond to differences in the direction of per client costs: both LIF and LMI-focused programs have seen these costs rise in roughly the same proportions over the same period.

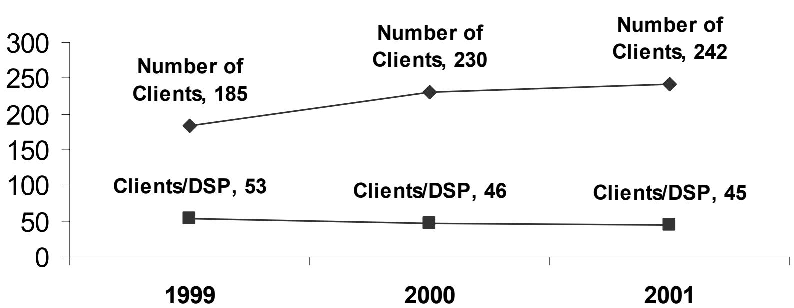
The Trend Group: Program Efficiency Measures from FY 1999 to FY 2001
The operational cost rate of the MicroTest trend group (n=23 for "All Trenders" below) is relatively high because the trend group is more training-led than credit-led: the trend group includes 12 training-led and 11 credit-led programs. After a positive dip from 1999 to 2000 in the median OCR of the trend group, the medians of both credit-led and training-led program rose again in 2001, though OCR rates remain below 1999 levels. While the range of operational cost rates for the credit-led group within this trend group has narrowed and lowered over the period, the range of OCR in the training-led group is very broad and includes several programs with very high operational cost rates.

Lending Program Efficiency Trends

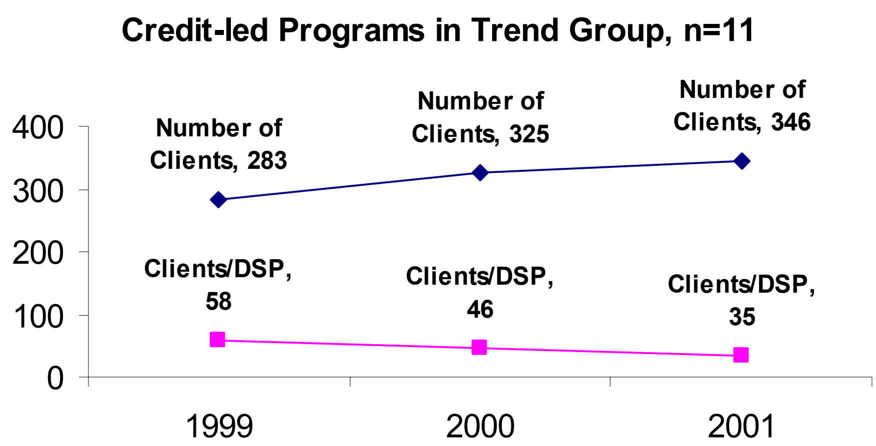


There is a downward trend in the clients/direct service provider measure. Again, this may be the result of a trend in which programs are focusing more staff resources on certain clients and businesses in order to achieve greater impact, instead of spreading their time so thinly across larger numbers of clients that they have less of an influence on the viability and growth of the client's business.

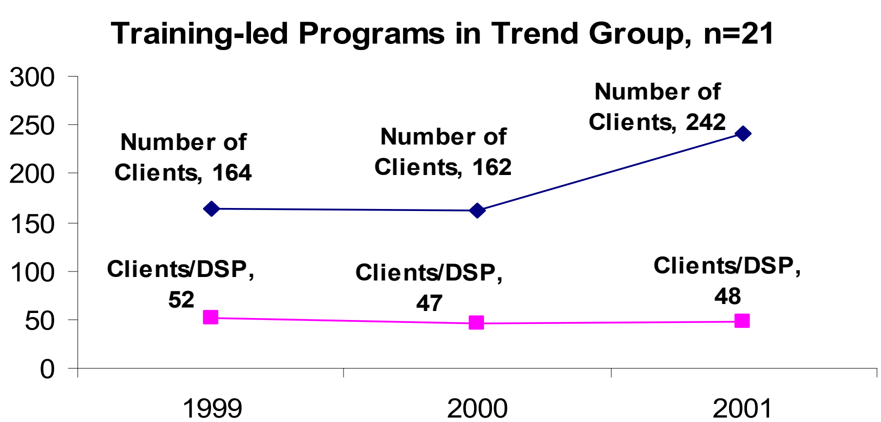
The Trend Group (n=34)



The graph below shows a decrease in the number of clients per direct service provider among the credit-led programs in the trend group. In light of their increasing numbers of clients over the same period, this trend sheds some light on the extent to which these programs have invested in increased staff capacity, and on why per client costs for credit-led programs have gone up as noted above.



In contrast, training-led programs in the trend group are holding their clients/DSP ratio steady while reaching more clients.



An Overall Look at Program Sustainability

MicroTest's performance framework focuses on a program's sustainability, and examines two features of sustainability: self-sufficiency and funding diversification. The term "sustainability" is given as much attention as "self-sufficiency" for two reasons. (Self-sufficiency refers to a program being fully self-financed). First, there are exceedingly high barriers to self-sufficiency faced by programs operating in the U.S. economy. Second, client demand necessitates a focus on business development services as well as on financing services. While a few highly successful institutions—ones that concentrate on lending and target existing business owners—have attained or are nearing self-sufficiency of their lending operations, it is doubtful that the majority of programs in the U.S. will achieve full financial self-sufficiency. Thus while striving to increase levels of self-sufficiency may be the best means for some lending programs to achieve sustainability, building good relationships with a diverse set of long-term funding sources may be the best means for others.

The sustainability ratios presented in this section yield a sense of the current level of cost recovery from program income, as well as the level of funding diversification achieved by the program. For further details on other ratios of sustainability not presented below, the reader is referred to data in the appendices.

The first part of this section on program sustainability focuses on two key measures of self-sufficiency; the second part examines the funding diversification of MicroTest programs. The two self-sufficiency measures discussed here include "operational self-sufficiency" (OSS) and "total program cost recovery" (TPCR).

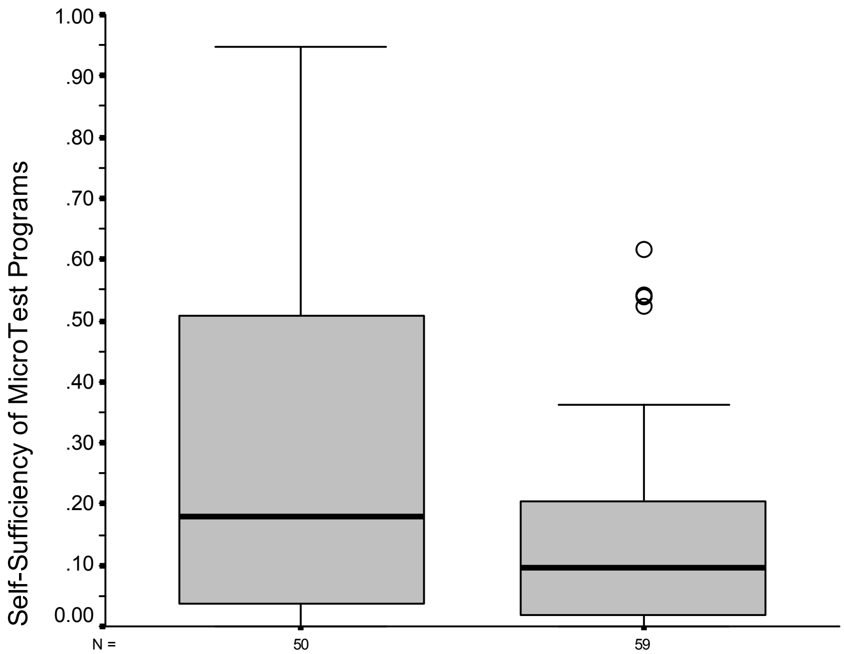
Operational Self-Sufficiency: *A ratio that represents a lending program's ability to cover operating costs of its credit program with internally generated income. It is calculated by dividing the financial income derived from the loan fund by the credit program's operating costs. Financial income is interest and fees paid by borrowers and interest income generated by investment of unused loan funds.*

Total Program Cost Recovery: *A ratio that shows the microenterprise program's overall ability to cover its total costs with internally generated income derived solely from its service to program clients. It is calculated by dividing the internally generated income from both lending and training and technical assistance services provided to clients, by the program's total operating costs.*

The Total Group: Self-Sufficiency

As the graph below shows, half the programs in the total group cover between 5% and 50% of their credit program's operating costs with income from their loan funds ("Operational S.S."). The median O.S.S. in the total group, 18%, is much lower than the average of 30%. There is a broad range of self-sufficiency within the total group, primarily reflecting differences between the credit-led and training-led peer groups (see below).

The Total Group: Self-Sufficiency Measures

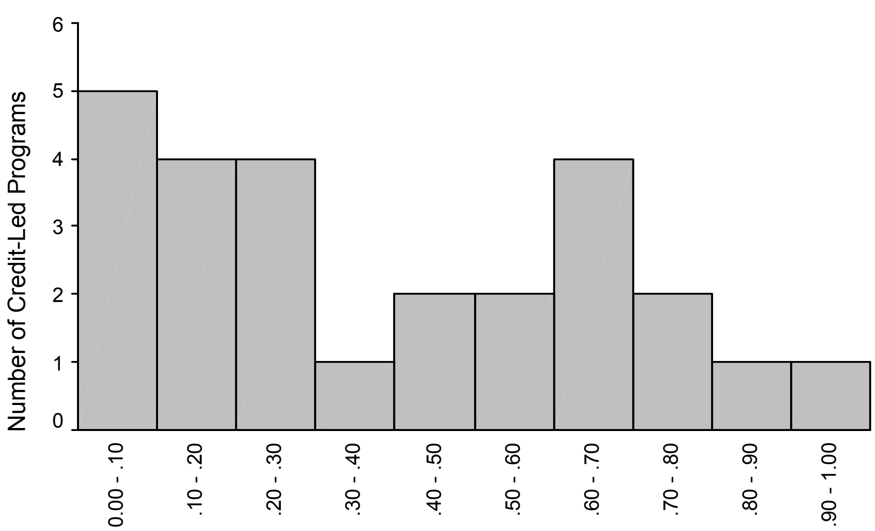


Total program cost recovery is inevitably lower than OSS because program costs separate from the operation of a credit program are included in the calculation.

What Difference do Program Characteristics Make?
Credit-led programs, as expected, achieve higher levels of self-sufficiency than do training-led programs. The average O.S.S. for credit-led programs is 39%, and a few programs in the group have reached very high levels of O.S.S.

Operational Self-Sufficiency of Credit-led Programs

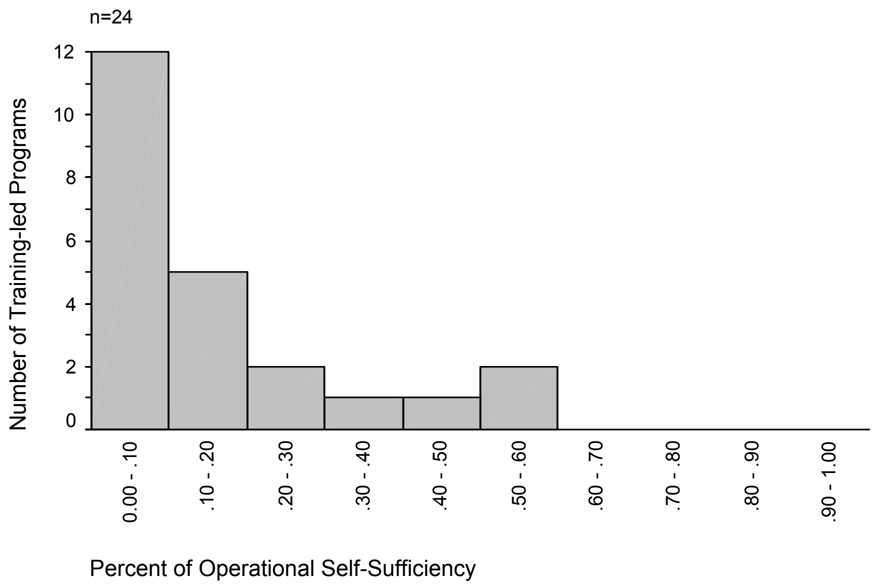
n=26



Percent of Operational Self-Sufficiency

For training-led programs, with the exception of a few with more substantial lending activity who blur the line between training-led and credit-led, reaching 20% O.S.S. is a rare accomplishment.

Operational Self-Sufficiency of Training-led Programs



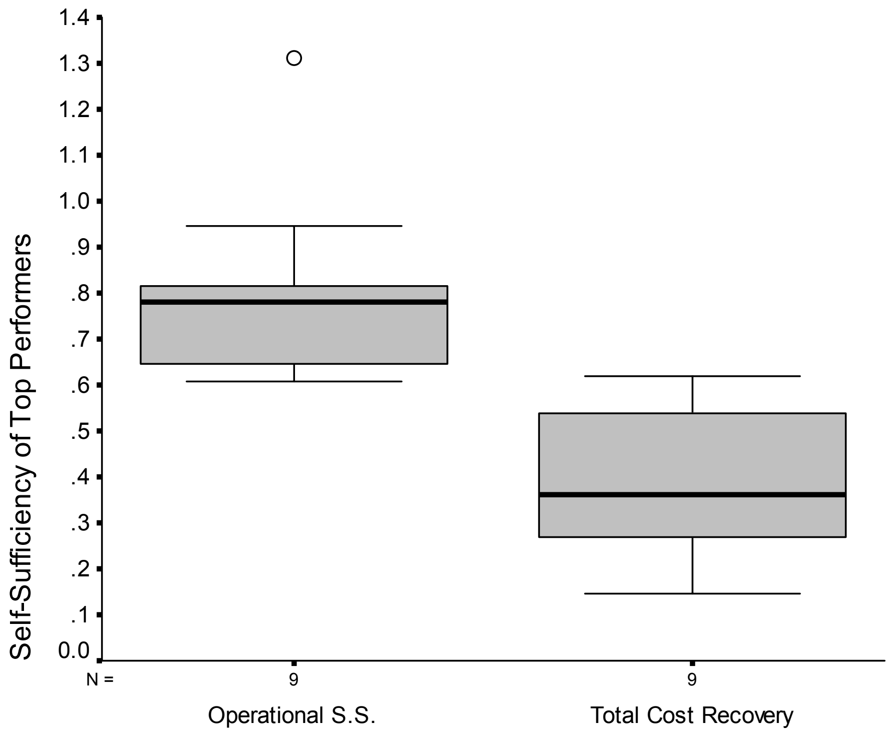
Few other peer group's median rates of operational self-sufficiency exceed 20%. Where peer groups do achieve higher levels of OSS, it is due to the relative concentration within that peer group of credit-led programs. Thus rural (median of 29%) and experienced programs' (median of 34%) rates of OSS tend to reflect this concentration.

Generally, other measures of self-sufficiency follow the same pattern as OSS. Only credit-led programs achieve over 20% total program cost recovery due to the typically lower levels of resources credit-led programs dedicate to activities that do not support their lending program. The lower levels of total program cost recovery illustrate how hard it is for programs to generate client revenues from non-lending activities.

What does Top Performance Look Like?

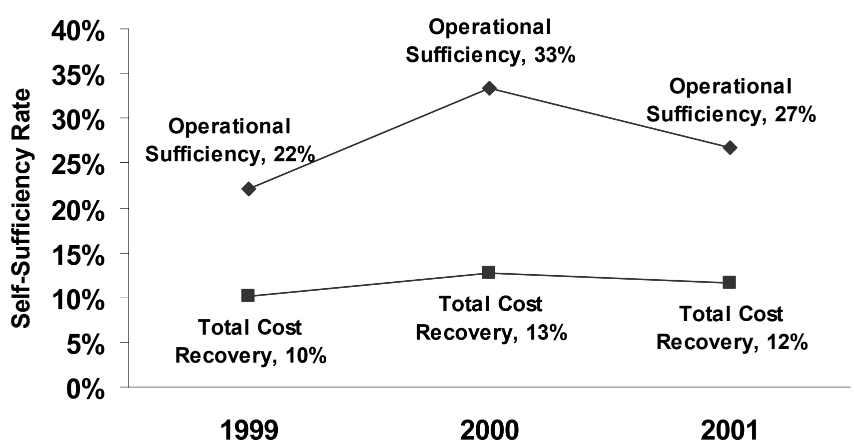
The nine most self-sufficient lending programs in MicroTest each achieved at least 60% OSS; impressively, the median OSS rate for this group was almost 80%. This same group was able to recover a median 35% of its total costs of providing services to clients. In terms of its composition, this top performing group includes programs with a mix of experience, though the 3 mature programs within it showed the strongest results. Just one lending program is in a rural setting, while 4 are urban and 4 are dual area. Lastly, 7 out of the 9 reported their clients' income levels, and 3 of these 7 programs are LIF, indicating that lending programs can demonstrate excellent outreach to very low-income clients and achieve top performance with respect to self-sufficiency.

Top Performers: Self-Sufficiency



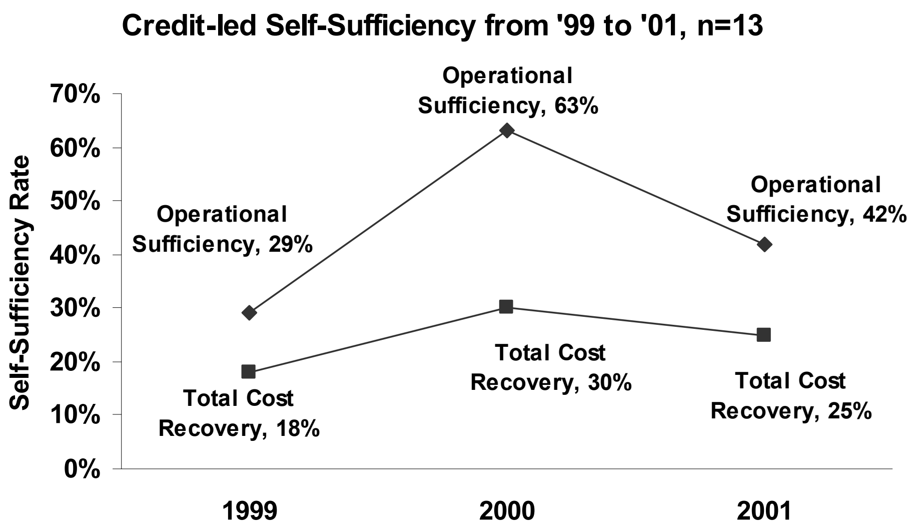
What do Self-Sufficiency Trends Tell Us?
Average operational self-sufficiency for a group of 24 MicroTest members on whom data is available since 1999 took a bit of a setback in FY 2001, falling from 33% to 27%. While still up 6% on average for this group since FY 1999, progress here is slow and difficult for many programs.

Trend Group: Self-Sufficiency, n=24



Progress in total program cost recovery has been elusive as well for most programs in the trend group. However, the trend group is 62% training-led which tends to obscure the progress some of the lending programs in this trend group have been able to make since 1999. The graph below shows three years of average self-sufficiency ratios for the

13 credit-led programs within the trend group. Both operational self-sufficiency and total program cost recovery rose dramatically from 1999 to 2000, and then slumped a bit from 2000 to 2001. As we have seen, credit-led program costs rose from 2000 to 2001 due to investments in staff capacity, so this slump is not unexpected. Data from FY 2002 should begin to indicate the degree to which this slump reflects a temporary decline in lending programs' self-sufficiency or a sharpening challenge.



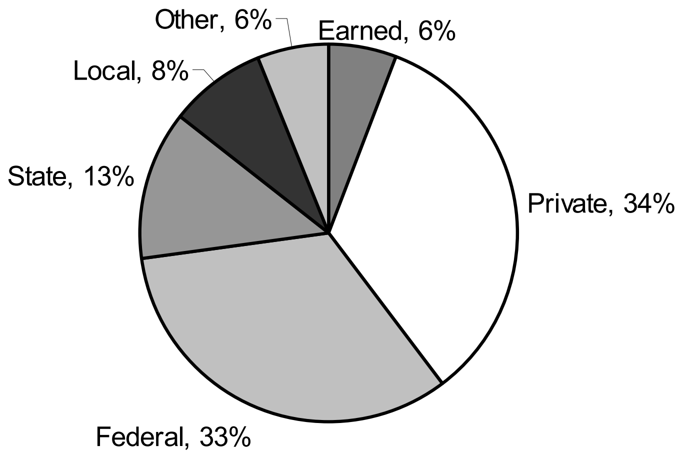
The Total Group: Funding Diversification

While making progress toward higher levels of self-sufficiency remains a vital goal for the majority of microenterprise programs, almost all programs must raise funds from a variety of sources to ensure that they keep their doors open and continue to offer services to clients. MicroTest participating agencies track and report their funding both by its source (whether public, private or derived from the program's earned revenue) as well as by its type (whether in the form of a grant, or a contract).

The 63 programs in the MicroTest total group received, on average, 28 percent of their total funding from private sources, and 36 percent from federal sources.[21] A mix of state and local sources, combined with the program's own earned revenue, make up the balance.

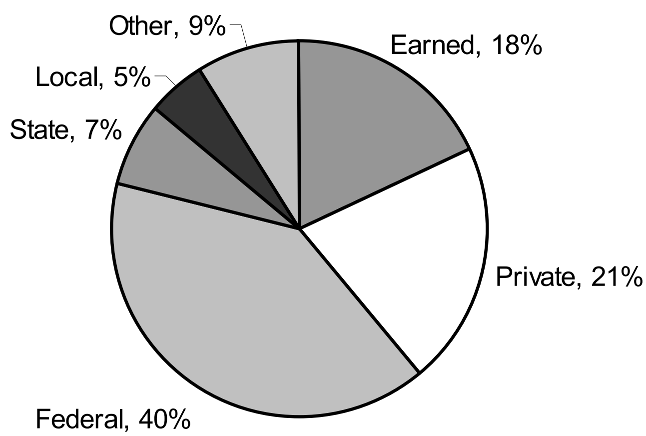
[21] MicroTest members count Community Development Block Grant funds as a 'federal' source because the ultimate source of these dollars is the U.S. Department of Housing and Urban Development

The Total Group: Funding Diversification



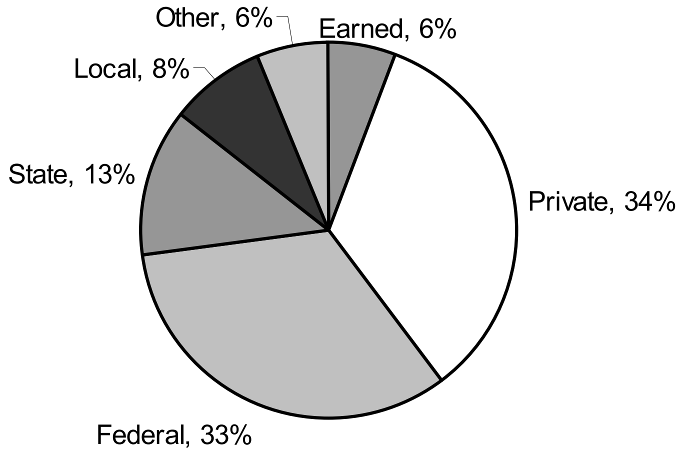
What Difference do Program Characteristics Make?
The credit-led programs in MicroTest cover on average 18% of their overall funding needs with earned revenue, which almost equals the amount of private grant dollars (21%) they receive. Federal sources of support in 2001 exceeded other public sources—the average credit program in MicroTest receives 40% of its total funding from the federal government.

Credit-Led Programs' Average Funding Diversification



Training-led programs tend to obtain a different mix of funding sources, with more coming from private grants and state sources, and less from earned revenue. Federal sources of support for training-led programs represent 1/3 of the total funding these programs use.

Training-Led Programs' Average Funding Diversification



Rural programs more heavily rely on federal grants than do urban or dual-area programs, though federal support for microenterprise development is consistently important across geographic regions. The age of a program does not seem to hinder its ability to access federal dollars; in fact younger programs report a slightly higher degree of federal support than do mature programs. On the other hand, mature programs seem somewhat more linked to state granting agencies as a percent of their overall funding than do younger programs. Seventy-five percent of the total funding to poverty-focused programs comes from federal and private sources, whereas just 55% of the total funding of LMI-focused programs comes from these sources.

n=	17	26	20	21	19	23	23	28
	Rural	**Urban**	**Dual-Area**	**Young**	**Experienced**	**Mature**	**LIF**	**LMI-Focused**
Earned	10%	11%	14%	10%	13%	12%	9%	14%
Private	23%	29%	30%	34%	21%	28%	36%	22%
Federal	43%	33%	36%	38%	39%	34%	39%	33%
State	12%	11%	7%	7%	9%	13%	7%	14%
Local	2%	12%	4%	6%	8%	6%	6%	7%
Other	10%	4%	9%	5%	10%	7%	3%	10%
total	100%	100%	100%	100%	100%	100%	100%	100%

Funding Diversification Trends

There has been little change in the sources from which MicroTest programs receive their funding. Federal sources of support have increased slightly for the group (from 28% to 32% of all program funding) while contributions from state sources have decreased from 14% in 1999 and 2000 to 9% in 2001. Earned revenue contributes an important, if modest, percent of total funding for the trend group.

The percent of funding coming from grant relationships has remained at approximately 65%, and contractual agreements between programs and funding agencies contribute, on average, just under 15% of total funding. Earned revenue and other funding make up the balance of total funding for the trend group.

Conclusion

This presentation and analysis of the performance of a large set of U.S. microenterprise programs has attempted to describe a diverse and complex industry using a set of measurements that capture key features of it. Programs that participate in MicroTest demonstrate a keen commitment to documenting, reflecting upon, and improving their targeting, scale, effectiveness, efficiency and sustainability. This commitment in turn informs practitioners, advocates, researchers, funders and policymakers who seek to understand and support the continued development of this industry.

Some of the achievements of the programs participating in MicroTest and representing the industry have been illustrated here. For example, programs are very effective at reaching women, and some programs have demonstrated improved outreach to minority communities as well. Training-led programs tend to be particularly focused on serving women, pre-business clients, and low-income clients. The trend with respect to serving low-income clients is more mixed, with some programs strongly increasing service to low-income clients and others serving a smaller proportion of very low-income clients out of their entire client pool.

The scale of program services is very broad, with some large credit programs demonstrating impressive levels of lending, while most programs cluster around the median of 21 microloans disbursed in the year. As they age programs are reaching more and more clients, providing more intensive training and technical assistance, and lending more money. Training-led programs tend to deliver quite intensive services to a lower-income and more pre-business clientele; they are also generally larger, in terms of clients served, than credit-led programs. Programs reaching the most clients per year (top performance in clients served) tend to be mature, dual-area or statewide agencies. The most prolific lending programs target an LMI clientele, and have strong institutional commitment to scaling up their credit activity.

The training program effectiveness results discussed here are generally strong. Differences in training program completion rates among the peer groups relate to a program's age, location, the extent to which it serves pre-business clients, and the intensity of training and technical assistance delivered. Generally, providing very intensive services to a largely pre-business clientele corresponds with somewhat lower training and business plan completion rates. Providing less intensive training and technical assistance to clients with more business experience tends to correspond to higher completion rates.

Credit portfolio management is consistently strong for the majority of MicroTest programs. While the size and relative risk characteristics of portfolios vary broadly (from small training-led portfolios invested in start-up businesses to large credit-led portfolios supporting ongoing businesses) portfolio at risk and loan loss rates are low. It appears that by targeting more credit-ready clients, credit-led programs are able to scale up their lending activities. On the other hand, training-led programs lending to a more risky population maintain portfolio quality by keeping their portfolios small (in part due to making smaller loans) and investing in more up-front training.

Top performing credit programs (those with at least 122 microloans outstanding) exhibit low loan loss rates and low PAR, and invest a somewhat lower median percentage of portfolio in start-up businesses. On the other hand, the range of lending to start-up businesses by this group is still very broad and reflects an important diversity of credit program missions within the top performing group.

Costs per client in FY 2001 ranged from $1,500 to about $4,400 for half the total group, with a median cost per client of $2,300 and an average of $3,735. While there is clear clustering of program costs, it is also evident that a handful of programs with high costs per client (above $8,000/client) increased the group's average client cost. Differences tend to reflect a programs size as well as the intensity of its service to clients, with smaller or more intensive programs showing higher costs. Since 1999 costs per client and per assisted business have generally risen for credit-led programs, some of which may have decided to provide more intensive services and to invest in increased staff capacity. On the other hand, costs per client among training-led programs have remained fairly stable, even declining somewhat from FY 2000 to FY 2001.

Both age and program methodology influence the efficiency of credit programs. Mature credit-led programs holding large average outstanding portfolios demonstrate much more efficient lending operations (measured by operational cost rates) than do younger training-led programs involved in microlending.

Operational self-sufficiency continues to be a major challenge for most programs, particularly for training-led programs that are unable to generate client revenue from non-lending activity. Some credit-led programs, however, have achieved impressive levels of self-sufficiency, including a few poverty-focused lending programs.

Given the challenge of meeting ongoing expenses with earned revenue, programs have sought to diversify their sources of funding. Training-led programs seem to rely somewhat more heavily on private grant dollars than do credit-led programs. Credit-led programs receive, as a percent of their total funding, more support from federal sources than do training-led programs. On average, earned revenue represents about 5 percent to 20% of total funding across peer groups.

The next report from MicroTest will include an analysis of FY 2002 data following its collection in April of 2003. This report will seek to address, among others, the following questions:

- How well do programs continue to reach low-income clients?
- Does the trend to scale up continue for both credit and training programs?
- What happens to lending activity in 2002? Do we see programs disbursing more loans for a larger amount of money?
- Does the average loan size continue to increase in 2002?
- Do programs continue to struggle with business plan completion rates?
- What happens to program costs in FY 2002 (especially for credit-led programs) on a per client or per business-assisted basis,?
- Can programs continue to make progress toward sustainability?

Finally, in the next report and for the first time, MicroTest will attempt to include a discussion of client-level outcomes, pending the successful participation in 2003 by a large number of MicroTest programs in a new outcomes tracking effort. Some of the issues this outcomes tracking effort is intended to address include business survival rates, job creation, and the contribution of business revenue to household economic security.

MicroTest staff would enjoy hearing feedback from readers of this report.[22]

[22] Please contact MicroTest staff at (202) 736-2533 or send an e-mail to jerry.black@aspeninst.org

Appendix A: MicroTest Measures and Definitions

Measure	Definition
1. Total number of clients	Total clients is defined as the number of individuals who received a significant level of service from your microenterprise program in a given fiscal year. A significant service is one that your program believes can be traced to a client's business or personal outcome(s) after that client exits your program. More specifically, MicroTest defines a client as someone who: 1) had an active, outstanding microloan or other microfinancing product with the program during the FY and/or 2) received at least 10 hours of microenterprise-related training and/or TA from the program during the FY.
2. Number of women clients	This is the number of female clients a program serves. This number should be a subset of total number of clients.
3. Number of minority clients	Minority clients are those individuals who identify themselves as: African-American, Latino/Hispanic, Asian/Pacific Islander, Native American, or another racial or ethnic minority. If your program uses another similar definition for minority status, please use that. We are trying to get a general idea of the number of clients who consider themselves a member of a minority group.
4. Number of low-income clients based on 100% of HHS Poverty Guidelines	This is the number of clients served by your program in a given fiscal year whose household income places them at or below the national poverty line for that particular year as determined by the Department of Health and Human Services. Household income is based on the number of people in the household who share income and expenses. Someone who lives in the same place but pays for his or her own expenses should not be included in the 'household' number. Generally, this is the strictest definition for poverty; unlike the HUD guidelines, it is not sensitive to regional variations in income. If a client entered the program in 1999 and has an outstanding loan in 2001, the program would determine that client's low-income status at intake, i.e. according to 1999 HHS guidelines.

5. Number of low-income clients based on 150% of HHS Poverty Guidelines	Like measure #4, this is the number of clients your program served in a given fiscal year who at intake had a household income level at or below 150% of the national poverty line as set by HHS for that year. The same tables that provide annual poverty guidelines for 100% of poverty, have guidelines for 150% of poverty. Please note that if a client meets the definition for 100% of poverty, then that client also meets the definition for 150% of poverty and should be counted here. So, in all cases for a particular year measure #5 is higher than #4, because it includes those clients.
6. Number of low-income clients based on HUD Guidelines	This is the number of your clients in a given fiscal year whose household income at intake was at or below 80% of the median income for households of the same size in the Metropolitan Statistical Area in which your program operates, as determined by the U.S. Department of Housing and Urban Development for that particular year. These guidelines are available on-line at www.huduser.org. Generally, this number will include clients from measures 4 and 5, because 80% of median area income is typically higher than 150% of the national poverty line, so that clients who meet the HHS definitions of low-income also meet the HUD definition used here and are included in this measure.
7. Number of clients receiving TANF	TANF clients are those individuals who received Temporary Assistance for Needy Families (TANF) cash support at the time of their intake into your program.
8. Number of pre-business clients at intake	This is the number of clients assisted by your program in the FY who did not have any type of business in operation at the time of their intake into your program.
9. Number of clients with start-up businesses at intake	This is the number of clients assisted by the program in the FY that had a business in operation fewer than twelve months at the time of their intake into your program. A business is considered a business when it has made sales or when the client has taken steps to formalize the business. These steps can include: obtaining a business license of retail sales tax number, opening a business checking account or other step to formalize.

10. Number of clients with ongoing businesses at intake	This is the number of clients assisted by your program in the FY with businesses that were in operation twelve months or more at the time of their intake into your program.
11. Number of clients receiving Business Development Training and/or Technical assistance	Enter here the number of clients served by your program in the FY who received a significant training or technical assistance service delivered with the intent of helping said client to develop a business (as opposed to a service delivered with the intent of helping a client to obtain microfinancing). Training is generally defined as curricula delivered to business owners or potential entrepreneurs in a classroom or group setting. Technical Assistance is generally defined as any individualized or one-on-one consulting, counseling, mentoring or facilitation related to business development or personal development of an entrepreneur.
12. Number of businesses started after intake	Number of businesses started after intake is the number of businesses started by clients in the FY after their entry into your program. A business is considered a business when it has made sales or when the client has taken steps to formalize the business.
13. Number of microloans disbursed	Record here all microloans for business purposes actually disbursed from your loan fund during the fiscal year. Do not include loans made to your clients by banks or other credit providers. Microloans are defined as loans up to $25,000.
14. Dollar value of microloans disbursed	Enter here the sum of the loans recorded above in measure 12. Do not include loans made to your clients by banks or other credit providers.
15. Number of loans leveraged	Record here the number of loans you helped your clients secure from a bank or other credit provider during the FY. Please divide your loans leveraged into microloans ($25,000 or under) and small-business loans (over $25,000). If you provide the service of linking clients to banks but do not track who actually receives loans, please do not record anything for this measure. Please leave blank if you do not offer this service. Enter 0 if you offer the service but did not leverage any loans.

Appendix A: MicroTest Measures and Definitions

16. Number of microloans outstanding at the end of the fiscal year	This is the number of microloans for which principal was outstanding as of the last day of the FY. These loans may have originated during the fiscal year or in a previous year. This number should include any loans that have been restructured, but not those that have been written off.
17. Dollar value of microloans outstanding at the end of the fiscal year	For the microloans counted in measure 16, indicate the total dollar amount of the principal still outstanding as of the last day of the FY.
18. Actual range of microloan sizes for the fiscal year	Enter the amounts of the smallest and largest microloans disbursed during the FY.
19. Average microloan size for the fiscal year	This figure is automatically calculated by the worksheet, using data that you have already entered. It is equal to the dollar value of loans disbursed during the FY, divided by the number of loans disbursed during the FY.
20. Percentage of portfolio loaned to start-ups	This figure represents the dollar amount of microloans lent to start-up businesses divided by the total dollar amount of microloans outstanding at the end of the FY.
21. Restructured loan rate	This is defined as the dollar amount of restructured loans outstanding at the end of the FY divided by the total dollar amount of microloans outstanding at the end of the FY.
22. Loan loss rate	This figure is the dollar amount declared non-recoverable and written off, net of recoveries, during the FY divided by the average dollar amount of microloans outstanding for the FY.
23. Percentage of portfolio at risk from 31 to 60 days past due	This measure represents the dollar amount of principal outstanding on all loans with payments past due 31-60 days divided by the total dollar amount of microloans outstanding at the end of the FY.
24. Percentage of portfolio at risk from 61 to 90 days past due	This measure represents the dollar amount of principal outstanding on all loans with payments past due 61-90 days divided by the total dollar amount of microloans outstanding at the end of the FY.
25. Percentage of portfolio at risk from 91 to 120 days past due	This measure represents the dollar amount of principal outstanding on all loans with payments past due 91-120 days divided by the total dollar amount of microloans outstanding at the end of the FY.

26. Percentage of portfolio at risk greater than 120 days past due	This measure represents the dollar amount of principal outstanding on all loans with payments past due more than 120 days divided by the total dollar amount of microloans outstanding at the end of the FY.
27. Percentage of total portfolio at risk greater than 30 days past due	This measure represents the dollar amount of principal outstanding on all loans with payments past due more than 30 days divided by the total dollar amount of microloans outstanding at the end of the FY.
28. Training Completion Rate	This is the number of clients who graduated or completed course requirements divided by the number of clients scheduled to complete them.
29. Business Plan Completion Rate	This is the number of clients who actually completed a business plan as part of a training curriculum divided by the number of clients who were scheduled or anticipated to do so.
30. Cost per client	This measure represents the average cost of serving a client in the FY. It is determined by dividing the total cost of the program (including both training and technical assistance and credit program costs) by the number of clients served during the year.
31. Cost per Assisted Business	This measure represents the program's average cost to provide assistance to a business in the FY. This cost is usually higher than the cost per client, because many programs typically assist some clients who do not have businesses, and assist businesses that have more than one owner.
32. Business Start Rate	This ratio shows the rate at which your clients started businesses in the FY. It is the number of businesses started in the FY by clients who had no business at the time of their intake into your program.
33. Cost per Business Development Training/TA Client	This measure represents the program's cost of serving its BD training and technical assistance clients in the FY. It includes only the expenses associated with the training and technical assistance component of the program, and presents them on a per client basis.
34. Cost per participant	This measure represents the program's cost to serve all participants (including clients) in the FY.

Appendix A: MicroTest Measures and Definitions

35. Cost per Loan	This measure represents the average cost to disburse a loan in the FY. It is calculated by dividing the operating costs of the credit program by the number of loans disbursed during the year plus the number of clients linked to other credit institutions. This enables the cost of the credit program to be spread over all loans that are generated whether or not they come from a program's own lending facility.
36. Operational Cost Rate	This is another measure of the efficiency of an organization's credit program. It reflects the organization's cost to make and manage loans in the FY. Unlike the cost per loan measure, it includes resources expended both in making new loans and in managing outstanding loans made in previous years. The measure is calculated by dividing the operating expenses of the credit program by the average outstanding loan portfolio for the year. The resulting number represents the cost the organization incurs to manage $1 in its loan portfolio. For example, an operational cost rate of 1.10 would mean that it costs the organization $1.10 to manage each dollar in its loan portfolio.
37. Clients per Direct Service Provider	This is an overall efficiency measure for microenterprise programs. It represents the number of clients managed or served, on average, by each direct service staff member.
38. Operational Self-Sufficiency	This measure represents a lending program's ability to cover the operating costs of its credit program with internally generated income. It is calculated by dividing the financial income derived from the loan fund by the credit program's operating costs. Financial income is interest and fees paid by borrowers and/or interest income generated by investment of unused loan funds.
39. Short-term Financial Self-Sufficiency	This measure represents a lending program's ability to cover the costs of its credit program with internally generated income. It is calculated by dividing the financial income derived from the loan fund by the sum of the credit program's operating costs and financial expenses.

40. Training Program Cost Recovery

This measure represents a training program's ability to cover the costs of its training and technical assistance program with internally generated income. It is calculated by dividing income generated from training fees and other fees directly related to the training program (workshop fees, income from sales of training materials) by the total expenses of the training program.

41. Program-Related Income as a Percent of Operating Expenses

This measure reflects the microenterprise program's overall ability to cover its total costs with internally generated income derived solely from its services to program clients. The measure essentially combines measures 39 and 40. It is calculated by dividing the internally generated income from both lending and training and technical assistance services provided to clients, by the total costs of operating the microenterprise program.

42. Net Income from Non-Program Service

This measure reflects the fact that microenterprise organizations are increasingly trying to generate income by providing services to individuals and organizations outside of their targeted client base or through special fundraising events. The net income, or profits, from activities such as consulting and training services to other microenterprise organizations, special events, or conferences, is then used to subsidize the provision of services to program clients who cannot afford to pay for the services they receive. This measure is calculated by dividing the net income (or profits) derived from these activities by the total costs of operating the core microenterprise program.

43. Percent Program Funding

This measure reflects the degree to which program income is generated internally by fees, etc. It is calculated by dividing total program-generated income by total income of the microenterprise program.

44. Percent Private Funding

This measure reflects the degree to which program income or funding is derived from private sector (non-government) sources. It is calculated by dividing total income from private sources by total income of the microenterprise program.

45. Percent Federal Funding	This measure reflects the extent to which program income or funding is derived from federal government sources. It is calculated by dividing total income from federal sources by total income of the microenterprise program.
46. Percent State Funding	This measure reflects the extent to which program income or funding is derived from state government sources. It is calculated by dividing total income from state public sector sources by total income of the microenterprise program.
47. Percent Local Funding	This measure reflects the extent to which program income or funding is derived from local government sources. It is calculated by dividing total income from local public sector sources by total revenues (income) of the microenterprise program.
48. Percent Other Funding	This is a catchall measure that identifies the percent of program funds that are derived from sources other than those included in measures 43-47. It is calculated by dividing total income from other sources by total income of the microenterprise program.
49. Percent Grant Funding	This measure shows you how much of your microenterprise program's total income is in grants.
50. Percent Contract Income	This measure isolates the percent of your program's total income that you receive on a contract basis.

Appendix B: MicroTest Participating Programs and Peer Group Distribution

Program Name	Training-Led	Credit-Led	Urban	Rural	Dual Area	Low-income focused	LMI-focused	Young	Exper-ienced	Mature
ACCION Chicago		X	X						X	
ACCION New Mexico		X			X		X		X	
ACCION New York		X	X			X				X
ACCION San Diego		X			X	X			X	
ACCION Texas Inc		X			X	X			X	
ACCION USA		X	X				X			X
ACEnet Ventures		X		X		X		X		
Acre Family Day Care	X		X				X			X
Adirondack EDC	X			X			X			X
Alternatives Federal Credit Union	X			X		X		X		
Appalachian By Design	X			X		X			X	
Arcata EDC		X		X			X		X	
AWBDC	X				X			X		
Business Now	X		X			X		X		
CDC Small Business Finance		X			X		X		X	
Center for Community Development		X	X						X	
Center for Rural Affairs (REAP)	X			X		X				X
Coastal Enterprises		X		X			X			X
Cobb Microenterterprise Council	X				X	X		X		
Community Business Network	X		X					X		
Community Financial Resource Center		X	X				X	X		
Corporation for Economic Development of Harris County		X	X						X	
Credit Where Credit Is Due		X	X				X	X		
Detroit Entreprneurship Institute	X		X			X				X
Dorchester Bay		X	X			X			X	
Enterprise Development Corporation		X		X			X		X	
Florida Atlantic University- CURE	X				X				X	
Institute for Social and Economic Development	X				X	X				X
Jane Addams Hull House	X		X				X			X
Jefferson Economic Development Institute	X			X		X		X		
Jewish Family Services	X		X				X	X		
Justine Petersen		X	X			X		X		

Appendix B: MicroTest Participating Programs and Peer Group Distribution

Program Name	Training-Led	Credit-Led	Urban	Rural	Dual Area	Low-income focused	LMI-focused	Young	Exper-ienced	Mature
Maine Centers for Women Work and Community	X				X	X				X
Micro-Business, USA	X		X				X		X	
MicroBusiness Development Corp	X				X				X	
Mountain Microenterprise Fund	X			X			X			X
Native American for Community Action	X			X		X		X		
New Enterprises Fund		X		X				X		
New Hampshire Community Loan Fund		X			X		X	X		
North Star CDC	X		X			X				X
Northeast Entrepreneurship Fund	X				X		X			X
People Incorporated		X		X					X	
PPEP MICROBUSINESS		X		X			X			X
Project Enterprise		X	X				X	X		
Rhode Island Coalition	X				X			X		
Richmond EDC		X	X					X		
Self-Help Ventures		X			X		X		X	
Self Employment Loan Fund of Lincoln		X	X				X		X	
Sierra Economic Development		X		X		X		X		
Union County EDC		X	X				X			X
Utah Microenterprise Loan Fund		X			X		X			X
VDCU Small Business		X			X		X	X		
W.O.M.E.N.	X		X						X	
Washington CASH	X		X			X		X		
WESST Corp	X				X	X				X
West Company	X			X		X				X
Western Massachsetts Enterprise Fund		X			X		X			X
Women's Economic Ventures	X				X		X			X
Women's Initiative	X		X			X				X
Women's Rural Entrepreneurial Network	X			X			X		X	
Women Entrepreneurs of Baltimore	X		X				X			X
WomenVenture	X				X		X			X
World Relief Corp		X	X			X		X		

Appendix C: MicroTest FY 2001 Performance Data

N=	63	63	1	1		
MicroTest Performance Measure	**All Program Averages**	**All Program Medians**	**Minimum**	**Maximum**	**Top Performance**	**Sum**
REACHING TARGET GROUPS						
Number of Clients Served	264	171	8	1782	370	16,617
n=	63	63				63
% of Women Clients	60%	56%	8%	100%	80%	
n=	63	63				
% of Minority Clients	50%	51%	0%	100%	90%	
n=	63	63				
% of Low-Income Clients (<100% HHS guidelines for low-income households)	25%	22%	0%	90%	42%	
n=	52	52				
% of Low-Income Clients (<150% HHS guidelines for low-income households)	39%	36%	5%	90%	56%	
n=	51	51				
% of Low-Income Clients (<80% HUD guidelines for low-income households)	64%	67%	12%	100%	87%	
n=	52	52				
% TANF Clients	8%	5%	0%	45%	13%	
n=	41	41				
% Clients with Start-Up Businesses	22%	17%	0%	73%	37%	
n=	62	62				
% Clients with On-Going Businesses	37%	33%	0%	100%	56%	
n=	63	63				
% Pre-Start Up Businesses	33%	27%	0%	85%	66%	
n=	60	60				
ACHIEVING PROGRAM SCALE						
Number of Inquiries	997	495	0	6295	1,400	53,822
n=	54	54				54
Number of Participants	443	245	14	2647	752.8	25,225
n=	57	57				57
Number of clients who received BD training and/or TA	231	144.5	8	1782	335	13,395
n=	58	58				58
Number of Loans Disbursed	75	21	0	838	84.8	4,149
n=	55	55				55
Dollar Value of Loans Disbursed	$ 474,351	$ 151,880	$ -	$ 5,615,478	$ 619,705	$ 26,089,283
n=	55	55				55
Number of clients linked to banks or other commercial providers	12	9	1	40	17	301
n=	26	26				26
Total amount of dollars leveraged	$ 374,976	$ 134,445	$ 1,000	$ 1,425,500	$ 964,000	$ 6,749,573
n=	18	18				18
Number of businesses started after intake	21	11	0	104	31	1,227
n=	59	59				59
Total number of IDA account holders	26	13	0	154	37	470
n=	18	18				18
Total number of assisted businesses	176	97	8	1095	271	10,903
n=	62	62				62
CREDIT PROGRAM EFFECTIVENESS						
Number of loans Outstanding	105	45	1	1032	119	5,763
n=	55	55				55
$ Amount of Loans Outstanding	$ 611,288	$ 260,728	$ 877	$ 5,618,936	$ 765,616	$ 33,620,828
n=	55	55				55
Average Loan Size	$ 8,477	$ 7,876	$ 683	$ 24,583	$ 13,141	
n=	54	54				
% of Portfolio Loaned to Start-Ups	43%	42%	0%	100%	72%	
n=	52	52				
Restructured Loan Rate	9%	6%	0%	61%		
n=	54	54				
Loan Loss Rate	5%	2%	0%	35%	0%	
n=	54	54				
Total Portfolio at Risk	14%	13%	0%	65%	2%	
n=	55	55				

Appendix C: MicroTest FY 2001 Performance Data

N=	63	63	1	1	
MicroTest Performance Measure	**All Program Averages**	**All Program Medians**	**Minimum**	**Maximum**	**Top Performance**
TRAINING PROGRAM EFFECTIVENESS					
Training Completion Rates	79%	86%	0%	100%	96%
n=	43	43			
Business Plan Completion Rates	58%	62%	0%	100%	87%
n=	32	32			
STAFF TIME ALLOCATION					
Time Spent on Credit Activities	48%	48%	0%	100%	
n=	61	61			
Time Spent on Training Activities	52%	52%	0%	100%	
n=	61	61			
PROGRAM COSTS AND EFFICIENCIES					
Cost per Client	$ 3,735	$ 2,302	$ 263	$ 17,586	$ 1,371
n=	59	59			
Cost per Assisted Business	$ 5,855	$ 4,110	$ 313	$ 22,611	$ 1,985
n=	58	58			
Business Start Rate	38%	31%	0%	100%	67%
n=	58	58			
Cost per Participant	$ 2,345	$ 1,309	$ 317	$ 10,049	$ 866
n=	53	53			
Cost per Training Clientt	$ 2,171	$ 1,435	$ 122	$ 14,621	$ 566
n=	49	49			
Cost per Loan	$ 8,201	$ 5,631	$ 388	$ 29,306	$ 1,844
n=	49	49			
Operational Cost Rate	$ 2.54	$ 0.81	$ 0.11	$ 23.00	$ 0.28
n=	48	48			
Clients per Direct Service Provider	60.07	44.33	5.68	277.59	85.72
n=	61	61			
PROGRAM SUSTAINABILITY					
Operational Self-Sufficiency	30%	18%	0%	131%	60%
n=	50	50			
Short-Term Financial Self-Sufficiency	24%	15%	0%	206%	35%
n=	51	51			
Training Program Cost Recovery	3%	1%	0%	33%	4%
n=	56	56			
Total Program Cost Recovery	14%	10%	0%	62%	23%
n=	59	59			
Net-Income from Non-Program Services	1%	0%	0%	20%	1%
n=	56	56			
FUNDING DIVERSIFICATION BY SOURCE					
Earned Revenue over Total Funding	12%	8%	0%	54%	
n=	60	60			
Private Funding	28%	20%	0%	100%	
n=	60	60			
Federal Funding	37%	37%	0%	96%	
n=	60	60			
State Funding	10%	0%	0%	61%	
n=	60	60			
Local Funding	7%	0%	0%	64%	
n=	60	60			
Other Funding	7%	1%	0%	72%	
n=	60	60			
FUNDING DIVERSIFICATION BY TYPE					
Earned Revenue over Total Funding	12%	8%	0%	54%	
n=	60	60			
% Grant Funding	67%	76%	0%	100%	
n=	60	60			
% Contract Funding	14%	0%	0%	91%	
n=	60	60			

Appendix C: MicroTest FY 2001 Performance Data

N=	63	63	31	31	32	32
MicroTest Performance Measure	**All Program Averages**	**All Program Medians**	**Credit-Led Program Averages**	**Credit-Led Program Medians**	**Training-Led Program Averages**	**Training-Led Program Medians**
REACHING TARGET GROUPS						
Number of Clients Served	264	171	256	133	319	210
n=	63	63	31	31	32	32
% of Women Clients	60%	56%	46%	50%	73%	78%
n=	63	63	31	31	32	32
% of Minority Clients	50%	51%	49%	51%	50%	52%
n=	63	63	31	31	32	32
% of Low-Income Clients (<100% HHS guidelines for low-income households)	25%	22%	20%	15%	30%	23%
n=	52	52	25	25	27	27
% of Low-Income Clients (<150% HHS guidelines for low-income households)	39%	36%	32%	30%	46%	42%
n=	51	51	25	25	26	26
% of Low-Income Clients (<80% HUD guidelines for low-income households)	64%	67%	58%	60%	69%	70%
n=	52	52	25	25	27	27
% TANF Clients	8%	5%	4%	4%	11%	6%
n=	41	41	18	18	23	23
% Clients with Start-Up Businesses	22%	17%	26%	26%	18%	13%
n=	62	62	31	31	31	31
% Clients with On-Going Businesses	37%	33%	47%	48%	28%	19%
n=	63	63	31	31	32	32
% Pre-Start Up Businesses	33%	27%	19%	16%	47%	53%
n=	60	60	29	29	31	31
ACHIEVING PROGRAM SCALE						
Number of Inquiries	997	495	754	359	1239	619
n=	54	54	27	27	27	27
Number of Participants	443	245	371	122	507	327
n=	57	57	27	27	30	30
Number of clients who received BD training and/or TA	231	144.5	153	92	294	196
n=	58	58	26	26	32	32
Number of Loans Disbursed	75	21	113	34	27	12
n=	55	55	31	31	24	24
Dollar Value of Loans Disbursed	$ 474,351	$ 151,880	$ 765,163	$ 295,000	$ 98,718	$ 65,100
n=	55	55	31	31	24	24
Number of clients linked to banks or other commercial providers	12	9	11	6	12	11
n=	26	26	12	12	14	14
Total amount of dollars leveraged	$ 374,976	$ 134,445	$ 220,857	$ 66,500	$ 529,095	$ 312,167
n=	18	18	9	9	9	9
Number of businesses started after intake	21	11	11	6	30	18
n=	59	59	29	29	30	30
Total number of IDA account holders	26	13	27	11	26	13
n=	18	18	5	5	13	13
Total number of assisted businesses	176	97	178	86	174	103
n=	62	62	31	31	31	31
CREDIT PROGRAM EFFECTIVENESS						
Number of loans Outstanding	105	45	157	56	37	22.5
n=	55	55	31	31	24	24
$ Amount of Loans Outstanding	$ 611,288	$ 260,728	$ 945,973	$ 605,544	$ 178,986	$ 115,945
n=	55	55	31	31	24	24
Average Loan Size	$ 8,477	$ 7,876	$ 9,773	$ 9,163	$ 6,731	$ 4,119
n=	54	54	31	31	23	23
% of Portfolio Loaned to Start-Ups	43%	42%	34%	37%	54%	55%
n=	52	52	28	28	24	24
Restructured Loan Rate	9%	6%	10%	6%	8%	0%
n=	54	54	31	31	23	23
Loan Loss Rate	5%	2%	6%	4%	4%	0%
n=	54	54	31	31	23	23
Total Portfolio at Risk	14%	13%	16%	14%	12%	12%
n=	55	55	31	31	24	24

Appendix C: MicroTest FY 2001 Performance Data

MicroTest Performance Measure	All Program Averages	All Program Medians	Credit-Led Program Averages	Credit-Led Program Medians	Training-Led Program Averages	Training-Led Program Medians
TRAINING PROGRAM EFFECTIVENESS						
Training Completion Rates	79%	86%	74%	86%	82%	85%
n=	43	43	13	13	30	30
Business Plan Completion Rates	58%	62%	56%	65%	58%	61%
n=	32	32	7	7	25	25
STAFF TIME ALLOCATION						
Time Spent on Credit Activities	48%	48%	71%	76%	26%	22%
n=	61	61	29	29	32	32
Time Spent on Training Activities	52%	52%	29%	24%	74%	78%
n=	61	61	29	29	32	32
PROGRAM COSTS AND EFFICIENCIES						
Cost per Client	$ 3,735	$ 2,302	$ 5,222	$ 3,213	$ 2,480	$ 1,945
n=	59	59	27	27	32	32
Cost per Assisted Business	$ 5,855	$ 4,110	$ 6,811	$ 5,409	$ 5,022	$ 3,375
n=	58	58	27	27	31	31
Business Start Rate	38%	31%	39%	29%	37%	35%
n=	58	58	29	29	29	29
Cost per Participant	$ 2,345	$ 1,309	$ 3,313	$ 2,400	$ 1,602	$ 1,098
n=	53	53	23	23	30	30
Cost per Training Clientt	$ 2,171	$ 1,435	$ 2,450	$ 1,511	$ 2,023	$ 1,295
n=	49	49	17	17	32	32
Cost per Loan	$ 8,201	$ 5,631	$ 6,953	$ 5,145	$ 9,500	$ 7,244
n=	49	49	25	25	24	24
Operational Cost Rate	$ 2.54	$ 0.81	$ 0.98	$ 0.53	$ 4.23	$ 1.94
n=	48	48	25	25	23	23
Clients per Direct Service Provider	60.07	44.33	45	31	74	56
n=	61	61	29	29	32	32
PROGRAM SUSTAINABILITY						
Operational Self-Sufficiency	30%	18%	39%	31%	20%	10%
n=	50	50	26	26	24	24
Short-Term Financial Self-Sufficiency	24%	15%	34%	28%	12%	9%
n=	51	51	27	27	24	24
Training Program Cost Recovery	3%	1%	2%	0%	3%	2%
n=	56	56	24	24	32	32
Total Program Cost Recovery	14%	10%	23%	21%	6%	3%
n=	59	59	27	27	32	32
Net-Income from Non-Program Services	1%	0%	1%	0%	2%	0%
n=	56	56	24	24	32	32
FUNDING DIVERSIFICATION BY SOURCE						
Earned Revenue over Total Funding	12%	8%	18%	17%	6%	3%
n=	60	60	28	28	32	32
Private Funding	28%	20%	21%	16%	34%	29%
n=	60	60	28	28	32	32
Federal Funding	37%	37%	40%	45%	33%	33%
n=	60	60	28	28	32	32
State Funding	10%	0%	7%	0%	13%	3%
n=	60	60	28	28	32	32
Local Funding	7%	0%	5%	0%	8%	0%
n=	60	60	28	28	32	32
Other Funding	7%	1%	9%	1%	6%	2%
n=	60	60	28	28	32	32
FUNDING DIVERSIFICATION BY TYPE						
Earned Revenue over Total Funding	12%	8%	18%	17%	6%	3%
n=	60	60	28	28	32	32
% Grant Funding	67%	76%	58%	69%	75%	81%
n=	60	60	28	28	32	32
% Contract Funding	14%	0%	15%	0%	14%	0%
n=	60	60	28	28	32	32

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N=	63	63	17	17	26	26	20	20
MicroTest Performance Measure	All Program Averages	All Program Medians	Rural Program Averages	Rural Program Medians	Urban Program Averages	Urban Program Medians	Dual-Area Program Averages	Dual-Area Program Medians
REACHING TARGET GROUPS								
Number of Clients Served	264	171	154	130	224	146	410	300
n=	63	63	17	17	26	26	20	20
% of Women Clients	60%	56%	60%	59%	59%	55%	61%	54%
n=	63	63	17	17	26	26	20	20
% of Minority Clients	50%	51%	18%	8%	75%	80%	43%	44%
n=	63	63	17	17	26	26	20	20
% of Low-Income Clients (<100% HHS guidelines for low-income households)	25%	22%	28%	22%	23%	24%	24%	20%
n=	52	52	15	15	20	20	17	17
% of Low-Income Clients (<150% HHS guidelines for low-income households)	39%	36%	42%	41%	38%	37%	36%	32%
n=	51	51	15	15	20	20	16	16
% of Low-Income Clients (<80% HUD guidelines for low-income households)	64%	67%	62%	64%	67%	73%	61%	58%
n=	52	52	16	16	19	19	17	17
% TANF Clients	8%	5%	5%	2%	8%	6%	10%	3%
n=	41	41	13	13	14	14	14	14
% Clients with Start-Up Businesses	22%	17%	19%	14%	21%	16%	26%	25%
n=	62	62	17	17	26	26	19	19
% Clients with On-Going Businesses	37%	33%	47%	50%	36%	29%	32%	22%
n=	63	63	17	17	26	26	20	20
% Pre-Start Up Businesses	33%	27%	29%	25%	40%	31%	29%	25%
n=	60	60	17	17	26	26	17	17
ACHIEVING PROGRAM SCALE								
Number of Inquiries	997	495	387	263	885	495	1607	980
n=	54	54	14	14	22	22	18	18
Number of Participants	443	245	280	220	338	213	773	490
n=	57	57	17	17	24	24	16	16
Number of clients who received BD training and/or TA	231	144.5	142	104	190	146	389	230
n=	58	58	17	17	25	25	16	16
Number of Loans Disbursed	75	21	26	16	86	19.5	98	21.5
n=	55	55	13	13	24	24	18	18
Dollar Value of Loans Disbursed	$ 474,351	$ 151,880	$ 258,156	$ 165,287	$ 456,772	$ 87,268	$ 653,929	$ 194,764
n=	55	55	13	13	24	24	18	18
Number of clients linked to banks or other commercial providers	12	9	7	6	14	8	12	12
n=	26	26	8	8	10	10	8	8
Total amount of dollars leveraged	$ 374,976	$ 134,445	$ 444,700	$ 248,500	$ 354,117	$ 55,000	$ 320,511	$ 156,890
n=	18	18	6	6	7	7	5	5
Number of businesses started after intake	21	11	15	11	23	8	23	17
n=	59	59	17	17	25	25	17	17
Total number of IDA account holders	26	13	16	11	50	28	12	5
n=	18	18	7	7	6	6	5	5
Total number of assisted businesses	176	97	117	79	171	92.5	234	146
n=	62	62	17	17	26	26	19	19
CREDIT PROGRAM EFFECTIVENESS								
Number of loans Outstanding	105	45	58	45	109	42	133	50
n=	55	55	13	13	24	24	18	18
$ Amount of Loans Outstanding	$ 611,288	$ 260,728	$ 453,411	$ 379,016	$ 579,374	$ 193,544	$ 767,861	$ 369,608
n=	55	55	13	13	24	24	18	18
Average Loan Size	$ 8,477	$ 7,876	$ 11,255	$ 10,302	$ 6,995	$ 6,162	$ 8,446	$ 9,163
n=	54	54	13	13	24	24	17	17
% of Portfolio Loaned to Start-Ups	43%	42%	41%	42%	39%	37%	49%	49%
n=	52	52	12	12	23	23	17	17
Restructured Loan Rate	9%	6%	13%	6%	9%	6%	8%	4%
n=	54	54	13	13	24	24	17	17
Loan Loss Rate	5%	2%	8%	2%	6%	3%	2%	1%
n=	54	54	13	13	24	24	17	17
Total Portfolio at Risk	14%	13%	16%	13%	17%	15%	9%	8%
n=	55	55	13	13	24	24	18	18

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MicroTest Performance Measure	All Program Averages	All Program Medians	Rural Program Averages	Rural Program Medians	Urban Program Averages	Urban Program Medians	Dual-Area Program Averages	Dual-Area Program Medians
TRAINING PROGRAM EFFECTIVENESS								
Training Completion Rates	79%	86%	85%	87%	76%	79%	79%	90%
n=	43	43	12	12	19	19	12	12
Business Plan Completion Rates	58%	62%	63%	63%	62%	72%	46%	46%
n=	32	32	10	10	13	13	9	9
STAFF TIME ALLOCATION								
Time Spent on Credit Activities	48%	48%	45%	47%	43%	45%	56%	58%
n=	61	61	17	17	24	24	20	20
Time Spent on Training Activities	52%	52%	55%	53%	57%	55%	44%	42%
n=	61	61	17	17	24	24	20	20
PROGRAM COSTS AND EFFICIENCIES								
Cost per Client	$ 3,735	$ 2,302	$ 5,119	$ 2,849	$ 3,921	$ 2,393	$ 2,396	$ 1,934
n=	59	59	15	15	25	25	19	19
Cost per Assisted Business	$ 5,855	$ 4,110	$ 6,483	$ 3,914	$ 6,292	$ 5,459	$ 4,724	$ 3,441
n=	58	58	15	15	25	25	18	18
Business Start Rate	38%	31%	38%	36%	40%	36%	35%	18%
n=	58	58	17	17	24	24	17	17
Cost per Participant	$ 2,345	$ 1,309	$ 3,112	$ 1,306	$ 2,502	$ 1,918	$ 1,337	$ 1,083
n=	53	53	15	15	23	23	15	15
Cost per Training Clientt	$ 2,171	$ 1,435	$ 2,517	$ 1,156	$ 2,685	$ 1,653	$ 1,041	$ 702
n=	49	49	13	13	22	22	14	14
Cost per Loan	$ 8,201	$ 5,631	$ 8,892	$ 6,529	$ 7,172	$ 5,366	$ 9,126	$ 6,017
n=	49	49	10	10	22	22	17	17
Operational Cost Rate	$ 2.54	$ 0.81	$ 0.95	$ 0.36	$ 3.01	$ 1.59	$ 2.90	$ 0.67
n=	48	48	10	10	22	22	16	16
Clients per Direct Service Provider	60.07	44.33	42	37	49	31	89	59
n=	61	61	17	17	24	24	20	20
PROGRAM SUSTAINABILITY								
Operational Self-Sufficiency	30%	18%	33%	29%	29%	14%	29%	16%
n=	50	50	11	11	22	22	17	17
Short-Term Financial Self-Sufficiency	24%	15%	23%	23%	26%	12%	21%	15%
n=	51	51	11	11	23	23	17	17
Training Program Cost Recovery	3%	1%	2%	1%	3%	1%	3%	0%
n=	56	56	13	13	24	24	19	19
Total Program Cost Recovery	14%	10%	12%	12%	12%	5%	18%	11%
n=	59	59	15	15	25	25	19	19
Net-Income from Non-Program Services	1%	0%	2%	0%	1%	0%	1%	0%
n=	56	56	15	15	23	23	18	18
FUNDING DIVERSIFICATION BY SOURCE								
Earned Revenue over Total Funding	12%	8%	10%	10%	11%	4%	14%	8%
n=	60	60	16	16	25	25	19	19
Private Funding	28%	20%	23%	10%	29%	25%	30%	26%
n=	60	60	16	16	25	25	19	19
Federal Funding	37%	37%	43%	44%	33%	28%	36%	28%
n=	60	60	16	16	25	25	19	19
State Funding	10%	0%	12%	7%	11%	0%	7%	0%
n=	60	60	16	16	25	25	19	19
Local Funding	7%	0%	2%	0%	12%	4%	4%	0%
n=	60	60	16	16	25	25	19	19
Other Funding	7%	1%	10%	3%	4%	0%	9%	3%
n=	60	60	16	16	25	25	19	19
FUNDING DIVERSIFICATION BY TYPE								
Earned Revenue over Total Funding	12%	8%	10%	10%	11%	4%	14%	8%
n=	60	60	16	16	25	25	19	19
% Grant Funding	67%	76%	68%	78%	70%	75%	61%	71%
n=	60	60	16	16	25	25	19	19
% Contract Funding	14%	0%	11%	0%	15%	0%	16%	0%
n=	60	60	16	16	25	25	19	19

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N=	63	63	21	21	19	19	23	23
MicroTest Performance Measure	All Program Averages	All Program Medians	Young Program Averages	Young Program Medians	Experienced Program Averages	Experienced Program Medians	Mature Program Averages	Mature Program Medians
REACHING TARGET GROUPS								
Number of Clients Served	264	171	133	121	277	146	372	255
n=	63	63	21	21	19	19	23	23
% of Women Clients	60%	56%	57%	58%	56%	51%	65%	66%
n=	63	63	21	21	19	19	23	23
% of Minority Clients	50%	51%	59%	81%	47%	51%	43%	32%
n=	63	63	21	21	19	19	23	23
% of Low-Income Clients (<100% HHS guidelines for low-income households)	25%	22%	29%	26%	22%	16%	24%	20%
n=	52	52	16	16	13	13	23	23
% of Low-Income Clients (<150% HHS guidelines for low-income households)	39%	36%	44%	44%	38%	32%	36%	34%
n=	51	51	16	16	12	12	23	23
% of Low-Income Clients (<80% HUD guidelines for low-income households)	64%	67%	68%	70%	66%	59%	64%	64%
n=	52	52	17	17	13	13	22	22
% TANF Clients	8%	5%	6%	6%	2%	0%	13%	6%
n=	41	41	14	14	10	10	17	17
% Clients with Start-Up Businesses	22%	17%	23%	21%	26%	26%	17%	15%
n=	62	62	20	20	19	19	23	23
% Clients with On-Going Businesses	37%	33%	36%	30%	37%	44%	39%	33%
n=	63	63	21	21	19	19	23	23
% Pre-Start Up Businesses	33%	27%	32%	24%	28%	22%	38%	37%
n=	60	60	20	20	17	17	23	23
ACHIEVING PROGRAM SCALE								
Number of Inquiries	997	495	524	222	1106	685	1335	791.5
n=	54	54	18	18	16	16	20	20
Number of Participants	443	245	197	153	454	201	647	426
n=	57	57	19	19	16	16	22	22
Number of clients who received BD training and/or TA	231	144.5	122	113	187	102	373	255
n=	58	58	21	21	16	16	21	21
Number of Loans Disbursed	75	21	30	20	154	22	59	20
n=	55	55	18	18	15	15	22	22
Dollar Value of Loans Disbursed	$ 474,351	$ 151,880	$ 163,719	$ 77,748	$ 911,917	$ 295,000	$ 430,163	$ 170,744
n=	55	55	18	18	15	15	22	22
Number of clients linked to banks or other commercial providers	12	9	9	4	17	12.5	11	10.5
n=	26	26	10	10	6	6	10	10
Total amount of dollars leveraged	$ 374,976	$ 134,445	$ 428,496	$ 275,000	$ 293,044	$ 74,000	$ 371,278	$ 112,000
n=	18	18	8	8	5	5	5	5
Number of businesses started after intake	21	11	16	9	14	8	31	23
n=	59	59	21	21	16	16	22	22
Total number of IDA account holders	26	13	41	29	10	10	11	12
n=	18	18	9	9	1	1	8	8
Total number of assisted businesses	176	97	89	72	221	86	214	146
n=	62	62	20	20	19	19	23	23
CREDIT PROGRAM EFFECTIVENESS								
Number of loans Outstanding	105	45	38	34	183	58	100	49.5
n=	55	55	17	17	16	16	22	22
$ Amount of Loans Outstanding	$ 611,288	$ 260,728	$ 234,471	$ 134,359	$ 1,032,235	$ 520,916	$ 596,321	$ 406,567
n=	55	55	17	17	16	16	22	22
Average Loan Size	$ 8,477	$ 7,876	$ 7,564	$ 6,588	$ 10,297	$ 9,493	$ 7,943	$ 7,737
n=	54	54	17	17	15	15	22	22
% of Portfolio Loaned to Start-Ups	43%	42%	43%	42%	43%	44%	43%	39%
n=	52	52	15	15	15	15	22	22
Restructured Loan Rate	9%	6%	11%	6%	10%	6%	7%	3%
n=	54	54	17	17	16	16	21	21
Loan Loss Rate	5%	2%	6%	2%	6%	0%	4%	2%
n=	54	54	17	17	15	15	22	22
Total Portfolio at Risk	14%	13%	14%	12%	12%	9%	16%	14%
n=	55	55	17	17	16	16	22	22

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N=	63	63	21	21	19	19	23	23
MicroTest Performance Measure	All Program Averages	All Program Medians	Young Program Averages	Young Program Medians	Experienced Program Averages	Experienced Program Medians	Mature Program Averages	Mature Program Medians
TRAINING PROGRAM EFFECTIVENESS								
Training Completion Rates	79%	86%	84%	87%	79%	80%	75%	83%
n=	43	43	16	16	10	10	17	17
Business Plan Completion Rates	58%	62%	67%	73%	54%	59%	52%	64%
n=	32	32	11	11	8	8	13	13
STAFF TIME ALLOCATION								
Time Spent on Credit Activities	48%	48%	49%	48%	55%	57%	41%	35%
n=	61	61	21	21	18	18	22	22
Time Spent on Training Activities	52%	52%	51%	52%	45%	43%	59%	65%
n=	61	61	21	21	18	18	22	22
PROGRAM COSTS AND EFFICIENCIES								
Cost per Client	$ 3,735	$ 2,302	$ 3,871	$ 2,090	$ 3,946	$ 2,531	$ 3,448	$ 2,898
n=	59	59	20	20	17	17	22	22
Cost per Assisted Business	$ 5,855	$ 4,110	$ 5,385	$ 2,925	$ 6,249	$ 4,109	$ 5,956	$ 4,359
n=	58	58	19	19	17	17	22	22
Business Start Rate	38%	31%	34%	29%	46%	49%	37%	29%
n=	58	58	20	20	16	16	22	22
Cost per Participant	$ 2,345	$ 1,309	$ 2,698	$ 1,404	$ 2,642	$ 1,383	$ 1,843	$ 1,306
n=	53	53	18	18	14	14	21	21
Cost per Training Clientt	$ 2,171	$ 1,435	$ 1,448	$ 1,288	$ 2,225	$ 1,013	$ 2,781	$ 1,923
n=	49	49	17	17	13	13	19	19
Cost per Loan	$ 8,201	$ 5,631	$ 5,932	$ 5,145	$ 5,987	$ 4,449	$ 11,192	$ 8,312
n=	49	49	16	16	13	13	21	21
Operational Cost Rate	$ 2.54	$ 0.81	$ 3.44	$ 1.98	$ 0.90	$ 0.59	$ 2.90	$ 0.89
n=	48	48	15	15	13	13	20	20
Clients per Direct Service Provider	60.07	44.33	44	29	67	47	69	48
n=	61	61	21	21	18	18	22	22
PROGRAM SUSTAINABILITY								
Operational Self-Sufficiency	30%	18%	23%	10%	38%	34%	30%	18%
n=	50	50	16	16	13	13	21	21
Short-Term Financial Self-Sufficiency	24%	15%	17%	9%	38%	31%	19%	13%
n=	51	51	16	16	14	14	21	21
Training Program Cost Recovery	3%	1%	2%	1%	4%	0%	3%	1%
n=	56	56	19	19	15	15	21	21
Total Program Cost Recovery	14%	10%	11%	2%	18%	14%	13%	8%
n=	59	59	20	20	17	17	22	22
Net-Income from Non-Program Services	1%	0%	2%	0%	1%	0%	1%	0%
n=	56	56	19	19	15	15	22	22
FUNDING DIVERSIFICATION BY SOURCE								
Earned Revenue over Total Funding	12%	8%	10%	2%	13%	11%	12%	7%
n=	60	60	20	20	18	18	22	22
Private Funding	28%	20%	34%	31%	21%	8%	28%	21%
n=	60	60	20	20	18	18	22	22
Federal Funding	37%	37%	38%	33%	39%	48%	34%	34%
n=	60	60	20	20	18	18	22	22
State Funding	10%	0%	7%	0%	9%	1%	13%	6%
n=	60	60	20	20	18	18	22	22
Local Funding	7%	0%	6%	0%	8%	0%	6%	2%
n=	60	60	20	20	18	18	22	22
Other Funding	7%	1%	5%	0%	10%	1%	7%	3%
n=	60	60	20	20	18	18	22	22
FUNDING DIVERSIFICATION BY TYPE								
Earned Revenue over Total Funding	12%	8%	10%	2%	13%	11%	12%	7%
n=	60	60	20	20	18	18	22	22
% Grant Funding	67%	76%	75%	80%	64%	75%	61%	66%
n=	60	60	20	20	18	18	22	22
% Contract Funding	14%	0%	10%	0%	13%	0%	20%	5%
n=	60	60	20	20	18	18	22	22

Appendix C: MicroTest FY 2001 Performance Data

N=	63	63	23	23	28	28
MicroTest Performance Measure	**All Program Averages**	**All Program Medians**	**LI Focused Program Averages**	**LI Focused Program Medians**	**LMI Focused Program Averages**	**LMI Focused Program Medians**
REACHING TARGET GROUPS						
Number of Clients Served	264	171	294	132	253	208
n=	63	63	23	23	28	28
% of Women Clients	60%	56%	65%	71%	57%	52%
n=	63	63	23	23	28	28
% of Minority Clients	50%	51%	51%	60%	46%	37%
n=	63	63	23	23	28	28
% of Low-Income Clients (<100% HHS guidelines for low-income households)	25%	22%	38%	35%	14%	11%
n=	52	52	23	23	28	28
% of Low-Income Clients (<150% HHS guidelines for low-income households)	39%	36%	57%	53%	24%	26%
n=	51	51	23	23	28	28
% of Low-Income Clients (<80% HUD guidelines for low-income households)	64%	67%	75%	73%	54%	57%
n=	52	52	21	21	28	28
% TANF Clients	8%	5%	12%	6%	4%	2%
n=	41	41	19	19	21	21
% Clients with Start-Up Businesses	22%	17%	19%	13%	24%	19%
n=	62	62	23	23	28	28
% Clients with On-Going Businesses	37%	33%	39%	33%	41%	42%
n=	63	63	23	23	28	28
% Pre-Start Up Businesses	33%	27%	36%	35%	31%	27%
n=	60	60	23	23	26	26
ACHIEVING PROGRAM SCALE						
Number of Inquiries	997	495	1175	547	904	513
n=	54	54	21	21	22	22
Number of Participants	443	245	541	205	415	302
n=	57	57	22	22	25	25
Number of clients who received BD training and/or TA	231	144.5	237	102	225	188
n=	58	58	22	22	25	25
Number of Loans Disbursed	75	21	102	13	63	22
n=	55	55	20	20	26	26
Dollar Value of Loans Disbursed	$ 474,351	$ 151,880	$ 646,589	$ 77,748	$ 346,529	$ 208,108
n=	55	55	20	20	26	26
Number of clients linked to banks or other commercial providers	12	9	8	5	9	8
n=	26	26	12	12	8	8
Total amount of dollars leveraged	$ 374,976	$ 134,445	$ 424,823	$ 156,890	$ 79,400	$ 74,000
n=	18	18	9	9	5	5
Number of businesses started after intake	21	11	21	13	22	15
n=	59	59	23	23	25	25
Total number of IDA account holders	26	13	21	13	42	13
n=	18	18	10	10	5	5
Total number of assisted businesses	176	97	182	70	180	123
n=	62	62	23	23	28	28
CREDIT PROGRAM EFFECTIVENESS						
Number of loans Outstanding	105	45	133	27	90	54
n=	55	55	20	20	26	26
$ Amount of Loans Outstanding	$ 611,288	$ 260,728	$ 693,958	$ 193,544	$ 499,924	$ 398,556
n=	55	55	20	20	26	26
Average Loan Size	$ 8,477	$ 7,876	$ 6,535	$ 6,531	$ 8,619	$ 8,314
n=	54	54	20	20	26	26
% of Portfolio Loaned to Start-Ups	43%	42%	51%	47%	33%	29%
n=	52	52	18	18	25	25
Restructured Loan Rate	9%	6%	10%	7%	5%	3%
n=	54	54	20	20	25	25
Loan Loss Rate	5%	2%	5%	1%	5%	4%
n=	54	54	20	20	26	26
Total Portfolio at Risk	14%	13%	14%	13%	14%	13%
n=	55	55	20	20	26	26

Appendix C: MicroTest FY 2001 Performance Data

N=	63	63	23	23	28	28
MicroTest Performance Measure	**All Program Averages**	**All Program Medians**	**LI Focused Program Averages**	**LI Focused Program Medians**	**LMI Focused Program Averages**	**LMI Focused Program Medians**
TRAINING PROGRAM EFFECTIVENESS						
Training Completion Rates	79%	86%	80%	87%	77%	80%
n=	43	43	16	16	18	18
Business Plan Completion Rates	58%	62%	64%	72%	57%	66%
n=	32	32	13	13	12	12
STAFF TIME ALLOCATION						
Time Spent on Credit Activities	48%	48%	44%	39%	52%	57%
n=	61	61	23	23	27	27
Time Spent on Training Activities	52%	52%	56%	61%	48%	43%
n=	61	61	23	23	27	27
PROGRAM COSTS AND EFFICIENCIES						
Cost per Client	$ 3,735	$ 2,302	$ 4,516	$ 2,255	$ 3,379	$ 2,531
n=	59	59	23	23	25	25
Cost per Assisted Business	$ 5,855	$ 4,110	$ 7,069	$ 4,109	$ 4,690	$ 3,914
n=	58	58	23	23	25	25
Business Start Rate	38%	31%	36%	24%	35%	29%
n=	58	58	21	21	27	27
Cost per Participant	$ 2,345	$ 1,309	$ 2,633	$ 1,887	$ 1,911	$ 1,239
n=	53	53	22	22	22	22
Cost per Training Clientt	$ 2,171	$ 1,435	$ 2,207	$ 1,596	$ 2,439	$ 1,511
n=	49	49	19	19	21	21
Cost per Loan	$ 8,201	$ 5,631	$ 7,433	$ 5,591	$ 8,736	$ 6,017
n=	49	49	19	19	23	23
Operational Cost Rate	$ 2.54	$ 0.81	$ 3.73	$ 0.81	$ 2.15	$ 0.98
n=	48	48	18	18	23	23
Clients per Direct Service Provider	60.07	44.33	51	33	54	39
n=	61	61	23	23	27	27
PROGRAM SUSTAINABILITY						
Operational Self-Sufficiency	30%	18%	28%	15%	28%	16%
n=	50	50	20	20	23	23
Short-Term Financial Self-Sufficiency	24%	15%	17%	12%	21%	13%
n=	51	51	20	20	23	23
Training Program Cost Recovery	3%	1%	1%	1%	4%	1%
n=	56	56	22	22	25	25
Total Program Cost Recovery	14%	10%	11%	4%	16%	11%
n=	59	59	23	23	25	25
Net-Income from Non-Program Services	1%	0%	1%	0%	1%	0%
n=	56	56	22	22	24	24
FUNDING DIVERSIFICATION BY SOURCE						
Earned Revenue over Total Funding	12%	8%	9%	3%	14%	9%
n=	60	60	23	23	26	26
Private Funding	28%	20%	36%	26%	22%	16%
n=	60	60	23	23	26	26
Federal Funding	37%	37%	39%	37%	33%	29%
n=	60	60	23	23	226	26
State Funding	10%	0%	7%	0%	14%	0%
n=	60	60	23	23	26	26
Local Funding	7%	0%	6%	0%	7%	0%
n=	60	60	23	23	26	26
Other Funding	7%	1%	3%	0%	10%	3%
n=	60	60	23	23	26	26
FUNDING DIVERSIFICATION BY TYPE						
Earned Revenue over Total Funding	12%	8%	9%	3%	14%	9%
n=	60	60	23	23	26	26
% Grant Funding	67%	76%	76%	78%	55%	60%
n=	60	60	23	23	26	26
% Contract Funding	14%	0%	12%	0%	21%	0%
n=	60	60	23	23	26	26

Appendix D: MicroTest Trend Data from FY 1999 to FY 2001

N=	34	34	34	13	13	13	21	21	21
MicroTest Performance Measure	All Program Medians 1999	All Program Medians 2000	All Program Medians 2001	Credit-Led Program Medians 1999	Credit-Led Program Medians 2000	Credit-Led Program Medians 2001	Training-Led Program Medians 1999	Training-Led Program Medians 2000	Training-Led Program Medians 2001
REACHING TARGET GROUPS									
Number of Clients Served	185	230	242	283	325	346	164	162	242
n=	34	34	34	13	13	13	21	21	21
% of Women Clients	60%	63%	60%	48%	52%	49%	73%	79%	77%
n=	34	34	34	13	13	13	21	21	21
% of Minority Clients	31%	35%	41%	50%	58%	55%	18%	20%	27%
n=	34	34	34	13	13	13	21	21	21
% of Low-Income Clients (<100% HHS guidelines for low-income households)	24%	25%	22%	16%	13%	11%	30%	29%	23%
n=	29	29	29	11	11	11	18	18	18
% of Low-Income Clients (<150% HHS guidelines for low-income households)	37%	42%	39%	32%	25%	30%	44%	48%	45%
n=	30	30	30	11	11	11	18	18	18
% of Low-Income Clients (<80% HUD guidelines for low-income households)	60%	65%	63%	61%	49%	54%	60%	70%	70%
n=	30	30	30	11	11	11	19	19	19
% TANF Clients	9%	5%	6%	4%	3%	6%	11%	8%	7%
n=	22	22	22	6	6	6	16	16	16
% Clients with Start-Up Businesses	37%	19%	15%	36%	32%	18%	40%	16%	14%
n=	32	32	32	12	12	12	20	20	20
% Clients with On-Going Businesses	41%	23%	33%	60%	52%	49%	22%	17%	19%
n=	32	32	32	12	12	12	20	20	20
% Pre-Start Up Businesses	NS	33%	37%	NS	14%	16%	NS	61%	61%
n=	NS	32	32	NS	11	11	NS	21	21
% Unknown Business Status	NS	0%	0%	NS	0%	0%	NS	2%	1%
n=	NS	34	34	NS	13	13	NS	21	21
ACHIEVING PROGRAM SCALE									
Number of Inquiries	NS	491	700	NS	529	632	NS	591	700
n=	NS	26	26	NS	10	10	NS	16	16
Number of Participants	328	278	345	319	395	469	328	269	345
n=	31	31	31	10	10	10	21	21	21
Number of clients who received BD training and/or TA	161	154	204	233	214	147	157	136	220
n=	28	28	28	7	7	7	21	21	21
Number of Loans Disbursed	24	30	22	80	58	84	17	20	17
n=	27	27	27	13	13	13	14	14	14
Dollar Value of Loans Disbursed	$ 124,500	$ 104,300	$ 176,200	$ 515,500	$ 485,193	$ 828,025	$ 47,362	$ 43,011	$ 64,860
n=	27	27	27	13	13	13	14	14	14
Number of clients linked to banks or other commerical providers	6	6	7	7	5	6	5	7	8
n=	12	12	12	3	3	3	9	9	9
Number of businesses started after intake	NS	25	20	NS	12	4	NS	35	25
n=	NS	27	27	NS	7	7	NS	20	20
Total number of IDA account holders	NS	19	13	NS	30	10	NS	16	17
n=	NS	7	7	NS	1	1	NS	6	6
Total number of assisted businesses	120	103	104	186	221	156	89	92	104
n=	29	29	29	10	10	10	19	19	19
CREDIT PROGRAM EFFECTIVENESS									
Number of loans Outstanding	49	45	48	119	138	130	23	27	26
n=	27	27	27	13	13	13	14	14	14
$ Amount of Loans Outstanding	$ 371,197	$ 325,242	$ 332,852	$ 543,945	$ 732,626	$ 1,263,222	$ 92,591	$ 108,515	$ 83,294
n=	27	27	27	13	13	13	14	14	14
Average Loan Size	$ 5,188	$ 5,596	$ 7,465	$ 5,539	$ 5,786	$ 7,465	$ 4,141	$ 3,387	$ 6,062
n=	25	25	25	13	13	13	12	12	12
% of Portfolio Loaned to Start-Ups	36%	42%	37%	20%	25%	25%	59%	62%	49%
n=	25	25	25	12	12	12	13	13	13
Restructured Loan Rate	7%	6%	7%	5%	8%	9%	10%	1%	0%
n=	24	24	24	13	13	13	11	11	11
Loan Loss Rate	4%	5%	4%	4%	5%	4%	2%	2%	2%
n=	26	26	26	13	13	13	13	13	13
Total Portfolio at Risk	11%	10%	12%	10%	12%	12%	13%	10%	12%
n=	24	24	24	12	12	12	12	12	12

Appendix D: MicroTest Trend Data from FY 1999 to FY 2001

MicroTest Performance Measure	All Program Medians 1999	All Program Medians 2000	All Program Medians 2001	Credit-Led Program Medians 1999	Credit-Led Program Medians 2000	Credit-Led Program Medians 2001	Training-Led Program Medians 1999	Training-Led Program Medians 2000	Training-Led Program Medians 2001
TRAINING PROGRAM EFFECTIVENESS									
Training Completion Rates	75%	79%	83%	100%	97%	100%	74%	79%	80%
n=	22	22	22	3	3	3	19	19	19
Business Plan Completion Rates	70%	54%	62%	NA	NA	NA	70%	54%	62%
n=	16	16	16	0	0	0	16	16	16
STAFF TIME ALLOCATION									
Time Spent on Credit Activities	34%	36%	34%	87%	85%	82%	16%	17%	17%
n=	31	31	31	13	13	13	18	18	18
Time Spent on Training Activities	66%	64%	66%	13%	15%	18%	84%	83%	83%
n=	31	31	31	13	13	13	18	18	18
PROGRAM COSTS AND EFFICIENCIES									
Cost per Client	$ 1,982	$ 2,264	$ 2,898	$ 1,943	$ 2,068	$ 3,160	$ 2,021	$ 2,385	$ 2,393
n=	28	28	28	11	11	11	17	17	17
Cost per Assisted Business	$ 2,270	$ 2,939	$ 4,110	$ 2,176	$ 2,928	$ 4,111	$ 2,363	$ 3,766	$ 3,766
n=	24	24	24	9	9	9	15	15	15
Business Start Rate	NS	35%	36%	NS	15%	32%	NS	35%	45%
n=	NS	25	25	NS	6	6	NS	19	19
Cost per Participant	NS	$ 1,094	$ 1,144	NS	$ 1,029	$ 1,421	NS	$ 1,237	$ 1,093
n=	NS	31	31	NS	10	10	NS	21	21
Cost per BD Training/TA Client	$ 1,022	$ 1,637	$ 1,923	$ 964	$ 1,154	$ 2,530	$ 1,209	$ 2,013	$ 1,668
n=	23	23	23	6	6	6	17	17	17
Cost per Loan	$ 6,410	$ 5,637	$ 6,442	$ 5,158	$ 7,702	$ 4,383	$ 8,931	$ 5,169	$ 7,621
n=	22	22	22	11	11	11	11	11	11
Operational Cost Rate	1.39	0.85	0.90	0.67	0.39	0.53	2.05	1.57	1.96
n=	23	23	23	11	11	11	12	12	12
Clients per Direct Service Provider	53	46	45	58	46	35	52	47	48
n=	29	29	29	11	11	11	18	18	18
PROGRAM SUSTAINABILITY									
Operational Self-Sufficiency	13%	15%	15%	27%	48%	42%	8%	9%	8%
n=	24	24	24	10	10	10	14	14	14
Short-Term Financial Self-Sufficiency	13%	15%	12%	21%	31%	31%	8%	8%	6%
n=	24	24	24	10	10	10	14	14	14
Training Program Cost Recovery	1%	1%	1%	0%	0%	0%	2%	2%	1%
n=	25	25	25	8	8	8	17	17	17
Total Program Cost Recovery	4%	6%	5%	15%	22%	22%	3%	2%	2%
n=	27	27	27	10	10	10	17	17	17
Net-Income from Non-Program Services	0%	0%	0%	0%	0%	0%	0%	1%	0%
n=	28	28	28	11	11	11	17	17	17
FUNDING DIVERSIFICATION BY SOURCE									
Earned Revenue over Total Funding	8%	6%	5%	18%	23%	24%	3%	2%	2%
n=	29	29	29	11	11	11	18	18	18
Private Funding	28%	27%	26%	23%	18%	21%	30%	32%	34%
n=	29	29	29	11	11	11	18	18	18
Federal Funding	24%	23%	30%	16%	23%	15%	33%	26%	31%
n=	29	29	29	11	11	11	18	18	18
State Funding	4%	6%	0%	0%	0%	0%	11%	8%	10%
n=	29	29	29	11	11	11	18	18	18
Local Funding	0%	3%	0%	0%	3%	0%	0%	2%	4%
n=	29	29	29	11	11	11	18	18	18
Other Funding	3%	3%	3%	0%	2%	1%	3%	3%	3%
n=	29	29	29	11	11	11	18	18	18
FUNDING DIVERSIFICATION BY TYPE									
Earned Revenue over Total Funding	8%	6%	5%	18%	23%	24%	3%	2%	2%
n=	29	29	29	11	11	11	18	18	18
Grant Funding	NS	74%	72%	NS	71%	64%	NS	80%	78%
n=	NS	34	34	NS	13	13	NS	21	21
Contract Funding	NS	0%	0%	NS	0%	0%	NS	6%	0%
n=	NS	34	34	NS	13	13	NS	21	21

Appendix D: MicroTest Trend Data from FY 1999 to FY 2001

N=	10	10	10	12	12	12	12	12	12
MicroTest Performance Measure	Rural Program Medians 1999	Rural Program Medians 2000	Rural Program Medians 2001	Urban Program Medians 1999	Urban Program Medians 2000	Urban Program Medians 2001	Dual-Area Program Medians 1999	Dual-Area Program Medians 2000	Dual-Area Program Medians 2001
REACHING TARGET GROUPS									
Number of Clients Served	182	171	191	134	136	210	270	328	343
n=	10	10	10	12	12	12	12	12	12
% of Women Clients	60%	66%	63%	67%	66%	61%	55%	53%	55%
n=	10	10	10	12	12	12	12	12	12
% of Minority Clients	10%	14%	11%	72%	82%	79%	31%	25%	30%
n=	10	10	10	12	12	12	12	12	12
% of Low-Income Clients (<100% HHS guidelines for low-income households)	24%	30%	22%	30%	27%	25%	23%	18%	15%
n=	9	9	9	9	9	9	11	11	11
% of Low-Income Clients (<150% HHS guidelines for low-income households)	36%	42%	41%	38%	55%	42%	43%	33%	30%
n=	9	9	9	10	10	10	11	11	11
% of Low-Income Clients (<80% HUD guidelines for low-income households)	52%	65%	66%	72%	87%	87%	62%	61%	57%
n=	9	9	9	9	9	9	12	12	12
% TANF Clients	4%	2%	2%	12%	10%	8%	9%	7%	6%
n=	6	6	6	8	8	8	8	8	8
% Clients with Start-Up Businesses	37%	17%	12%	37%	14%	12%	38%	31%	25%
n=	9	9	9	12	12	12	11	11	11
% Clients with On-Going Businesses	46%	20%	37%	26%	23%	20%	44%	51%	38%
n=	9	9	9	12	12	12	11	11	11
% Pre-Start Up Businesses	NS	48%	34%	NS	45%	62%	NS	26%	31%
n=	NS	10	10	NS	12	12	NS	10	10
% Unknown Business Status	NS	2%	0%	NS	1%	3%	NS	10%	9%
n=	NS	10	10	NS	12	12	NS	10	10
ACHIEVING PROGRAM SCALE									
Number of Inquiries	NS	399	411	NS	439	568	NS	917	1011
n=	NS	6	6	NS	10	10	NS	10	10
Number of Participants	283	206	326	255	189	322	418	530	750
n=	9	9	9	11	11	11	11	11	11
Number of clients who received BD training and/or TA	117	144	145	81	103	159	205	225	267
n=	10	10	10	10	10	10	8	8	8
Number of Loans Disbursed	24	36	23	17	21	21	25	31	22
n=	7	7	7	9	9	9	11	11	11
Dollar Value of Loans Disbursed	$336,309	$ 258,194	$ 184,100	$ 55,000	$ 91,388	$ 70,199	$ 190,063	$ 104,300	$ 213,329
n=	7	7	7	9	9	9	11	11	11
Number of clients linked to banks or other commerical providers	6	5	7	3	7	5	15	13	11
n=	4	4	4	5	5	5	3	3	3
Number of businesses started after intake	NS	23	16	NS	25	20	NS	52	25
n=	NS	9	9	NS	11	11	NS	7	7
Total number of IDA account holders	NS	16	12	NS	77	98	NS	4	2
n=	NS	4	4	NS	2	2	NS	1	1
Total number of assisted businesses	199	125	97	74	82	87	151	212	190
n=	9	9	9	11	11	11	9	9	9
CREDIT PROGRAM EFFECTIVENESS									
Number of loans Outstanding	51	41	52	28	32	34	59	63	51
n=	7	7	7	9	9	9	11	11	11
$ Amount of Loans Outstanding	$376,594	$ 325,242	$ 379,016	$ 96,501	$ 159,734	$195,799	$ 406,272	$ 530,641	$ 462,741
n=	7	7	7	9	9	9	11	11	11
Average Loan Size	$ 5,188	$ 4,256	$ 8,004	$ 5,076	$ 5,650	$ 6,068	$ 4,712	$ 6,249	$ 8,586
n=	7	7	7	8	8	8	10	10	10
% of Portfolio Loaned to Start-Ups	37%	42%	35%	17%	33%	37%	36%	44%	44%
n=	7	7	7	9	9	9	9	9	9
Restructured Loan Rate	3%	0%	14%	12%	7%	8%	9%	5%	6%
n=	7	7	7	8	8	8	9	9	9
Loan Loss Rate	2%	5%	2%	7%	2%	9%	3%	6%	2%
n=	7	7	7	9	9	9	10	10	10
Total Portfolio at Risk	15%	29%	16%	10%	10%	13%	7%	8%	8%
n=	7	7	7	8	8	8	9	9	9

Appendix D: MicroTest Trend Data from FY 1999 to FY 2001

N=	10	10	10	12	12	12	12	12	12
MicroTest Performance Measure	Rural Program Medians 1999	Rural Program Medians 2000	Rural Program Medians 2001	Urban Program Medians 1999	Urban Program Medians 2000	Urban Program Medians 2001	Dual-Area Program Medians 1999	Dual-Area Program Medians 2000	Dual-Area Program Medians 2001
TRAINING PROGRAM EFFECTIVENESS									
Training Completion Rates	95%	89%	86%	74%	79%	75%	70%	71%	84%
n=	7	7	7	9	9	9	6	6	6
Business Plan Completion Rates	72%	66%	73%	56%	70%	72%	74%	40%	61%
n=	4	4	4	7	7	7	5	5	5
STAFF TIME ALLOCATION									
Time Spent on Credit Activities	17%	35%	32%	25%	27%	33%	51%	48%	48%
n=	9	9	9	10	10	10	12	12	12
Time Spent on Training Activities	83%	65%	68%	75%	73%	67%	49%	52%	52%
n=	9	9	9	10	10	10	12	12	12
PROGRAM COSTS AND EFFICIENCIES									
Cost per Client	$ 1,720	$ 2,269	$ 3,160	$ 2,363	$ 3,189	$ 4,286	$ 1,737	$ 1,863	$ 2,077
n=	9	9	9	9	9	5792.6383	10	10	10
Cost per Assisted Business	$ 1,747	$ 2,808	$ 3,605	$ 2,363	$ 4,446	$ 5,793	$ 3,134	$ 2,268	$ 3,507
n=	8	8	8	9	9	9	7	7	7
Business Start Rate	NS	48%	42%	NS	30%	40%	NS	35%	29%
n=	NS	8	8	NS	10	10	NS	7	7
Cost per Participant	NS	$ 1,774	$ 1,423	NS	$ 1,309	$ 1,670	NS	$ 710	$ 1,083
n=	NS	9	9	NS	11	11	NS	11	11
Cost per BD Training/TA Client	$ 1,022	$ 1,262	$ 2,061	$ 1,980	$ 2,762	$ 3,262	$ 949	$ 1,442	$ 1,473
n=	9	5139.0377	9	8	8	8	6	6	6
Cost per Loan	$ 7,200	$ 5,139	$ 5,625	$ 3,635	$ 5,616	$ 6,626	$ 8,296	$ 6,954	$ 7,165
n=	6	6	6	8	8	8	8	8	8
Operational Cost Rate	1.25	0.71	0.89	3.00	3.24	1.45	0.95	0.77	0.69
n=	6	6	6	8	8	8	9	9	9
Clients per Direct Service Provider	53	48	35	42	39	32	81	65	59
n=	9	9	9	10	10	10	10	10	10
PROGRAM SUSTAINABILITY									
Operational Self-Sufficiency	22%	30%	16%	9%	18%	18%	15%	13%	15%
n=	6	6	6	9	9	9	9	9	9
Short-Term Financial Self-Sufficiency	17%	15%	14%	9%	18%	12%	14%	12%	10%
n=	6	6	6	9	9	9	9	9	9
Training Program Cost Recovery	1%	2%	2%	1%	1%	1%	1%	1%	1%
n=	8	8	8	9	9	9	8	8	8
Total Program Cost Recovery	4%	4%	5%	3%	3%	2%	14%	9%	6%
n=	9	9	9	9	9	9	9	9	9
Net-Income from Non-Program Services	0%	1%	0%	0%	0%	0%	0%	0%	0%
n=	8	8	8	9	9	9	10	10	10
FUNDING DIVERSIFICATION BY SOURCE									
Earned Revenue over Total Funding	7%	4%	4%	7%	4%	2%	10%	10%	9%
n=	9	9	9	10	10	10	10	10	10
Private Funding	19%	8%	14%	39%	52%	49%	29%	18%	23%
n=	9	9	9	10	10	10	10	10	10
Federal Funding	35%	37%	33%	14%	20%	18%	36%	19%	40%
n=	9	9	9	10	10	10	10	10	10
State Funding	9%	10%	13%	6%	4%	5%	0%	0%	0%
n=	9	9	9	10	10	10	10	10	10
Local Funding	0%	3%	0%	0%	2%	2%	0%	1%	1%
n=	9	9	9	10	10	10	10	10	10
Other Funding	10%	2%	7%	3%	4%	1%	1%	2%	3%
n=	9	9	9	10	10	10	10	10	10
FUNDING DIVERSIFICATION BY TYPE									
Earned Revenue over Total Funding	7%	4%	4%	7%	4%	2%	10%	10%	9%
n=	9	9	9	10	10	10	10	10	10
Grant Funding	NS	82%	78%	NS	64%	71%	NS	61%	52%
n=	NS	10	10	NS	12	12	NS	12	12
Contract Funding	NS	0%	0%	NS	0%	2%	NS	3%	9%
n=	NS	10	10	NS	12	12	NS	12	12

Appendix D: MicroTest Trend Data from FY 1999 to FY 2001

N=	9	9	9	10	10	10
MicroTest Performance Measure	LIF Program Medians 1999	LIF Program Medians 2000	LIF Program Medians 2001	LMI Program Medians 1999	LMI Program Medians 2000	LMI Program Medians 2001
REACHING TARGET GROUPS						
Number of Clients Served	244	309	288	175	202	221
n=	9	9	9	10	10	10
% of Women Clients	79%	82%	81%	55%	57%	52%
n=	9	9	9	10	10	10
% of Minority Clients	61%	59%	60%	21%	22%	21%
n=	9	9	9	10	10	10
% of Low-Income Clients (<100% HHS guidelines for low-income households)	36%	55%	41%	11%	10%	11%
n=	9	9	9	10	10	10
% of Low-Income Clients (<150% HHS guidelines for low-income households)	55%	70%	56%	24%	25%	25%
n=	9	9	9	10	10	10
% of Low-Income Clients (<80% HUD guidelines for low-income households)	79%	89%	78%	49%	50%	54%
n=	8	8	8	10	10	10
% TANF Clients	14%	11%	16%	2%	0%	4%
n=	9	9	9	5	5	5
% Clients with Start-Up Businesses	40%	15%	12%	53%	19%	18%
n=	9	9	9	8	8	8
% Clients with On-Going Businesses	24%	18%	21%	45%	48%	40%
n=	9	9	9	8	8	8
% Pre-Start Up Businesses	NS	53%	53%	NS	34%	36%
n=	NS	9	9	NS	8	8
% Unknown Business Status	NS	0%	2%	NS	1%	0%
n=	NS	9	9	NS	8	8
ACHIEVING PROGRAM SCALE						
Number of Inquiries	NS	784	1216	NS	461	619
n=	NS	8	8	NS	7	7
Number of Participants	406	841	757	354	269	364
n=	9	9	9	9	9	9
Number of clients who received BD training and/or TA	197	223	267	127	172	188
n=	8	8	8	7	7	7
Number of Loans Disbursed	15	21	17	38	34	57
n=	8	8	8	8	8	8
Dollar Value of Loans Disbursed	$ 32,612	$ 40,874	$ 35,846	$ 342,525	$ 271,640	$525,713
n=	8	8	8	8	8	8
Number of clients linked to banks or other commerical providers	5	4	8	14	15	1
n=	5	5	5	1	1	1
Number of businesses started after intake	NS	44	34	NS	14	17
n=	NS	8	8	NS	6	6
Total number of IDA account holders	NS	12	11	NS	5	13
n=	NS	3	3	NS	1	1
Total number of assisted businesses	164	103	146	102	125	141
n=	9	9	9	7	7	7
CREDIT PROGRAM EFFECTIVENESS						
Number of loans Outstanding	23	27	23	61	77	69
n=	8	8	8	8	8	8
$ Amount of Loans Outstanding	$ 68,413	$ 75,538	$ 54,367	$ 388,735	$ 563,984	$616,210
n=	8	8	8	8	8	8
Average Loan Size	$ 3,063	$ 3,320	$ 2,884	$ 4,197	$ 5,570	$ 6,917
n=	6	6	6	8	8	8
% of Portfolio Loaned to Start-Ups	76%	68%	46%	37%	39%	30%
n=	6	6	6	8	8	8
Restructured Loan Rate	10%	1%	7%	2%	5%	4%
n=	7	7	7	8	8	8
Loan Loss Rate	5%	2%	5%	2%	4%	4%
n=	7	7	7	8	8	8
Total Portfolio at Risk	12%	8%	13%	9%	7%	9%
n=	6	6	6	8	8	8

Appendix D: MicroTest Trend Data from FY 1999 to FY 2001

N=	9	9	9	10	10	10
MicroTest Performance Measure	**LIF Program Medians 1999**	**LIF Program Medians 2000**	**LIF Program Medians 2001**	**LMI Program Medians 1999**	**LMI Program Medians 2000**	**LMI Program Medians 2001**
TRAINING PROGRAM EFFECTIVENESS						
Training Completion Rates	72%	80%	80%	81%	76%	85%
n=	8	8	8	4	4	4
Business Plan Completion Rates	73%	48%	68%	71%	70%	75%
n=	8	8	8	3	3	3
STAFF TIME ALLOCATION						
Time Spent on Credit Activities	22%	18%	31%	67%	65%	63%
n=	9	9	9	8	8	8
Time Spent on Training Activities	78%	82%	69%	33%	35%	37%
n=	9	9	9	8	8	8
PROGRAM COSTS AND EFFICIENCIES						
Cost per Client	$ 1,609	$ 2,258	$ 3,434	$ 1,972	$ 1,973	$ 2,523
n=	9	9	9	8	8	8
Cost per Assisted Business	$ 2,151	$ 2,951	$ 3,766	$ 2,363	$ 2,688	$ 3,556
n=	9	9	9	5	5	5
Business Start Rate	NS	35%	56%	NS	32%	32%
n=	NS	7	7	NS	8	8
Cost per Participant	NS	$ 774	$ 1,172	NS	$ 991	$ 1,083
n=	NS	9	9	197955%	9	9
Cost per BD Training/TA Client	$ 1,191	$ 1,939	$ 2,021	$ 1,980	$ 1,787	$ 2,061
n=	8	8	8	5	5	5
Cost per Loan	$ 3,513	$ 2,590	$ 5,332	$ 7,662	$ 6,105	$ 4,383
n=	6	6	6	7	7	7
Operational Cost Rate	2.18	1.47	1.98	1.39	0.74	0.69
n=	7	7	7	7	7	7
Clients per Direct Service Provider	55	39	45	58	57	53
n=	9	9	9	9	9	9
PROGRAM SUSTAINABILITY						
Operational Self-Sufficiency	9%	8%	8%	13%	12%	9%
n=	9	9	9	6	6	6
Short-Term Financial Self-Sufficiency	9%	8%	6%	12%	11%	9%
n=	9	9	9	6	6	6
Training Program Cost Recovery	1%	1%	1%	1%	1%	1%
n=	8	8	8	7	7	7
Total Program Cost Recovery	2%	2%	2%	6%	4%	7%
n=	9	9	9	7	7	7
Net-Income from Non-Program Services	0%	0%	0%	0%	0%	0%
n=	9	9	9	8	8	8
FUNDING DIVERSIFICATION BY SOURCE						
Earned Revenue over Total Funding	3%	2%	2%	9%	4%	7%
n=	9	9	9	9	9	9
Private Funding	39%	33%	42%	28%	18%	36%
n=	9	9	9	9	9	9
Federal Funding	35%	30%	25%	24%	0%	14%
n=	9	9	9	9	9	9
State Funding	1%	0%	0%	8%	10%	15%
n=	9	9	9	9	9	9
Local Funding	0%	6%	4%	0%	0%	0%
n=	9	9	9	9	9	9
Other Funding	2%	1%	1%	0%	3%	4%
n=	9	9	9	9	9	9
FUNDING DIVERSIFICATION BY TYPE						
Earned Revenue over Total Funding	3%	2%	2%	9%	4%	7%
n=	9	9	9	9	9	9
Grant Funding	NS	83%	72%	NS	55%	58%
n=	NS	9	9	NS	10	10
Contract Funding	NS	0%	5%	NS	13%	7%
n=	NS	9	9	NS	10	10

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