

Refugee Microenterprise Development: Achievements and Lessons Learned Second Edition

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ISED Solutions

creating opportunity, building capacity

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**Refugee Microenterprise Development:
Achievements and Lessons Learned
(Second Edition)**

Prepared by

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**Office of Refugee Resettlement (ORR)
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DISCLAIMER

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REFUGEE MICROENTERPRISE DEVELOPMENT: ACHIEVEMENTS AND LESSONS LEARNED

by Daniel Krotz, John F. Else and Lisa Budzilowicz¹

EXECUTIVE SUMMARY

Over the eleven year period of 1991-2002, dozens of microenterprise programs across the country funded by ORR have successfully assisted refugees on their paths to economic independence through self-employment. Their microenterprise programs have proved the talents of refugee entrepreneurs. It is appropriate to revisit their efforts and describe their achievements. Their experiences can enlighten current practitioners and others interested in the field of microenterprise development.

This paper provides an overview of the achievements and lessons learned by microenterprise programs operated by 34 organizations in 24 states. The following areas are discussed:

- Historical background of the ORR microenterprise program
- Four assumptions that served as a basis for launching this initiative and the experiences that led us to reexamine, modify, or discard these assumptions
- Types of agencies that operated refugee microenterprise programs
- Achievements of the microenterprise programs
- Eleven lessons drawn from the experiences of the 34 agencies
- Conclusions drawn from this analysis

Historical Background

Between 1991 and 2000, almost one million refugees entered the United States for resettlement. Similar to the 1.5 million refugees who had been admitted over the previous fifteen-year period, they fit the legal definition of refugees: persons unable or unwilling to return to their country of nationality because of persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion.

**BETWEEN 1991 AND 2000 ALMOST
ONE MILLION REFUGEES ENTERED THE
UNITED STATES FOR RESETTLEMENT.**

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The Office of Refugee Resettlement (ORR)² is the federal agency that was established to assist these newcomers. It is responsible for making resources available for employment training and placement so that refugees achieve economic self-sufficiency. Until 1991, it had provided little funding to stimulate or support any type of self-employment. That year ORR took a new approach and designed an initiative to fund agencies to assist refugees in starting very small businesses (microenterprises). Based on the outcomes of those initial projects, ORR has continued to fund refugee microenterprise projects, awarding almost \$20 million to 34 agencies between 1991 and 2001.

Early Assumptions

At the time this program was designed in the early 1990s, various assumptions were widely held in the field of microenterprise development. Four of the most commonly held assumptions are listed below:

1. The primary barrier to self-employment for low-income persons, women, and minorities (in this case refugees) was the shortage of capital.
2. The peer lending models popular in developing countries (models such as the Grameen Bank of Bangladesh that provides very small loans through lending circles with minimal training or technical assistance) would be effective in the U.S.
3. Experienced microenterprise organizations would be more likely than social and employment service agencies to operate effective refugee microenterprise programs.
4. The small-business experiences of many refugees in their countries of origin prepare them for, and would translate into, a high level of entrepreneurial aptitude and preparedness for operating businesses in the U.S.

What experience has shown, however, is that refugees had significantly greater access to capital than was anticipated. Also, since the personal and family ties and mutual obligations were missing from the peer lending model in the U.S., the peer lending strategy was less effective than expected. Refugee social and employment service agencies have done much better than expected in making the changes needed to succeed in business development activities. Finally, more extensive training and technical assistance was needed in order to prepare refugees to operate businesses in the complex and very different business environment of the U.S.

ORR has continued to fund refugee microenterprise projects, awarding almost \$20 million to 34 agencies between 1991 and 2001

² ORR is part of the Administration for Children and Families (ACF) which operates under the Department of Health and Human Services (DHHS).

³ Programs were funded in 1991, 1992, 1994, 1995, 1997, 1998, and 2000.

⁴ Volags are non-profit organizations under contract with the U.S. Department of State that provide for the reception, initial placement and resettlement of refugees in the United States.

Types of Agencies that Operated Programs

A diverse group of agencies operated ORR-funded microenterprise projects (Appendix A). Of the 34 agencies that received grants in seven rounds of funding,³ 16 are Voluntary Agency Affiliates (Volags),⁴ six are Mutual Assistance Associations (MAAs),⁵ six are Microenterprise Development Organizations (MDOs), two are Community Action Agencies (CAAs), one was a State agency, and three were operated by other types of organizations. They operate in all parts of the country, rural and urban, targeting one or many nationality groups, and in areas with varying concentrations of refugees. The agencies exhibited considerable diversity in regard to experience serving refugees and business development.

Overall Program Achievements

The 34 microenterprise development programs enrolled a total of 8,799 refugees over the eleven year period. Of the 8,799 participants, over 21 percent (1,863) started, expanded, or strengthened businesses. Of these, 73 percent were business starts, 16 percent were business expansions, and 11 percent were business strengthenings.⁶ The ratio of starts to expansions and strengthenings (2.7 to 1) is high when compared with non-refugee microenterprise programs nationwide, many of which predominantly serve existing businesses. This is particularly

Of the 8,799 participants, over 21 percent (1,863) started, expanded or strengthened businesses

noteworthy since business starts typically require longer and more intensive service than business expansions, and the rate of positive outcomes (e.g., survival rates) are generally lower. As of the end of each grant period, 89 percent (1,658) of the 1,863 businesses (90 percent of business starts, 91 percent of business expansions, and 72 percent of strengthenings) were still operating.

The refugee microentrepreneurs' use of loans obtained through the microenterprise programs was also impressive. Of the 1,863 business starts/expansions/strengthenings, 47 percent started/expanded/strengthened without loans from the microenterprise programs. The other 53 percent received loans totaling \$6.69 million dollars for an average loan of just over \$7,600. Data collected at the end of each program period showed the default rate was 2.1 percent of the number of loans and 2.0 percent of the total amount of money loaned. ORR funds provided \$3,126,211 (47 percent) of the loan capital, which leveraged \$3,564,604 in other financing.

Excluding loan funds, the total amount of ORR operational funding expended for these 34 microenterprise initiatives was \$19.6 million over the eleven-year period. This represents an average cost per business start/expansion/strengthening of \$10,505, an amount comparable with other microenterprise programs. These businesses contributed to the creation of over 2,600 full time jobs,

⁵ MAAs are organizations based in and run by ethnic- communities. They stimulate community support for refugees and provide services such as orientation, transportation, and assistance with clothing and child care.

⁶ The initial database was not capturing types of business strengthenings other than business expansions (which is defined as increasing the number of employees), but the "business strengthening" category was added to the data system in 1997. Business strengthening focuses on business development outcomes such as increased revenues and profitability.

at a cost of \$7,510 per job. When the number of participants who entered employment instead of starting a business is included, the number of job outcomes rises to 3,740, at a cost of \$5,233 per job.

As each agency learned what was needed to serve refugees effectively, there has been a substantial increase in the annual number of refugees enrolled, businesses assisted, and number and amount of loans granted. The median number of participants enrolled per agency tripled as staff learned to market their programs more effectively. The median number of total business outcomes per year increased from eight to between 10 and 12 each year, with 75 percent of the outcomes being business starts. The median number of loans per agency per year doubled, while the amount of loans tripled.

Lessons Learned

In addition to the measurable outcomes discussed above, there have been many discoveries about the way programs are implemented, as well as changes in the outcomes that are observed. These lessons learned are summarized below.

- 1. Mission and Market.** The success of microenterprise development programs is affected by mission and the organizational culture of the parent agency. The willingness of these organizations to be flexible in terms of staff, collaborations, and target population has contributed to the growth of many programs over the years.
- 2. Staff.** Staff selection, training, and retention are critical to the success of refugee microenterprise programs. Staff whose microenterprise program mission is supported by their administration and integrated into the agency structure is the essential ingredient for success. Staff training, linkage to microenterprise development networks, and realistic compensation are also important contributors.
- 3. Business Development Focus.** Like entrepreneurs everywhere, refugee entrepreneurs are focused on measurable results, want fast and effective business development services, and are keenly interested in becoming self-sufficient. Successful MED operations are those that share the same goals.
- 4. Business Training and Technical Assistance.** There has been a gradual shift in the refugee microenterprise project from group training and emphasis on complex business plans toward individualized technical assistance and simplified business plans.
- 5. Partnerships.** There has also been a gradual shift in the types of collaborations that programs have effected. Current collaborations are primarily with financial institutions or training and technical assistance organizations that focus on business development instead of resettlement agencies and other referral sources.

- 6. Business Financing.** It is not entirely clear whether the expansion of lending services among funded agencies is driven by the strategic goals of the agencies themselves to achieve scale or because of the greater capital needs of their refugee client base. The answer likely includes a bit of both.
- 7. Administrative Capacities and Practices.** While some of the originally funded programs have expanded with the advent of Individual Development Account (IDA) programs or gained status as SBA intermediaries, others remain small operations and have continued to struggle with start-up issues that should have been resolved years ago. Achieving scale is the overarching issue for this latter group of agencies.
- 8. Target Population.** As was the case five years ago, all funded agencies consider refugees and asylees as their primary customer base for program services. The main difference now is that there are far fewer agencies that specifically target a single ethnic or national group, preferring instead to serve the broadest array of ethnicities as possible.
- 9. Types of Businesses Developed.** Nearly every conceivable type of business has been helped. These microenterprises have ranged from small farming operations in California’s Central Valley to a software development firm in Florida’s Little Haiti. Truckers, home child care providers, retailers, taxi drivers, hot dog vendors, restaurateurs, piano teachers, and music producers represent a sample of the refugee entrepreneurs who have been nurtured and guided by agency staff.
- 10. Start-Up Time.** Slow program start up time creates problems since much funding is in relatively short cycles and “hard” outcomes for business starts, expansions, and jobs created often are not realized until the second half of three-year funding periods.
- 11. Technical Assistance to the Programs.** ORR’s provision of technical assistance to programs has helped agencies to think systematically about their operations, compare what they are doing against national standards for microenterprise program operation, and proactively engage in improving the services they provide: achieving scale and program sustainability and diversifying funding so as not to be dependent exclusively on ORR funding.

I. INTRODUCTION

Over the eleven year period of 1991-2002, dozens of microenterprise programs across the country funded by ORR have successfully assisted refugees on their paths to economic independence through self-employment. Their microenterprise programs have proved the talents of refugee entrepreneurs. It is appropriate to revisit their efforts and describe their achievements. Their experiences can enlighten current practitioners and others interested in the field of microenterprise development.

This paper provides an overview of the programs operated by 34 organizations in 24 states and what they have learned in the process of operating these programs. The paper is divided into six chapters. Chapter I presents the historical background of the program. Chapter II describes four of the assumptions that served as a basis for launching this initiative and the experiences that led to the reexamination, modification, or discarding of these assumptions. Chapter III describes the types of agencies that operated refugee microenterprise programs, and Chapter IV analyzes their achievements. Chapter V presents eleven lessons drawn from the experiences of the 34 agencies. Finally, Chapter VI presents the conclusions drawn from this analysis.

Historical Background

Between 1991 and 2000, almost 1 million refugees entered the United States for resettlement. Similar to the 1.5 million refugees who had been admitted over the previous fifteen-year period, they fit the legal definition of refugees: persons unable or unwilling to return to their country of nationality because of persecution or a well-founded fear of persecution on account of race, religion, nationality, membership in a particular social group, or political opinion. In 1991 almost half of the arrivals (over 54,000) were refugees from Vietnam, one-third (over 38,000) were from the former Soviet Union, 8 percent (over 9,000) from Laos, and almost 4 percent (approximately 4,000) each from Romania, Ethiopia, and Cuba. By 2000, the largest number of refugees—31 percent—were from the areas formerly part of Yugoslavia (22,548), followed by 20 percent from members of the Former Soviet Union (14,576), 8 percent (6,022) from Somalia, and 7 percent (5,099) from Iran. The refugees continue to be resettled throughout the fifty States.

ORR became one of the first federal agencies to permit the use of grant monies for revolving loan funds to help capitalize refugee business starts and expansions.

The Office of Refugee Resettlement (ORR) is the federal agency that was established to assist these newcomers. It is responsible for making resources available for employment training and placement so that refugees achieve economic self-sufficiency.

Historically, ORR had supported various types of employment training, but until 1991 it had provided little funding to stimulate or directly support any form of self-employment. One exception occurred in the mid-1980's, when a few grants were made to provide technical assistance to refugees starting small businesses. While the assistance may have been helpful to some entrepreneurs, it was criticized for being provided to refugees who had capital and would have opened businesses in any case.

In 1991, ORR took a new approach. In response to the ORR Director's request to investigate "making loans" to refugees and ways to help the refugees build upon their rich experiences in entrepreneurial activities, ORR staff designed a small initiative that funded six agencies to assist refugees in starting very small businesses (microenterprises). The purpose of these grants was to enable refugees to increase household income and thereby decrease their likelihood of relying on public assistance. The grants provided both operating and loan funds.⁷

Based on the outcomes of the initial six projects, ORR has continued to make grant awards for refugee microenterprise projects. It made a total of 59 microenterprise awards to 32 agencies⁸ between 1991 and 2001 (Table 1).

Year	# of New Agencies	# of Continuing Agencies	Total # Grants	Amount of Grants
1991	6	0	6	1,924,260
1992	7	0	7	1,507,471
1994	3	3	6	1,766,355
1995	3	2	5	1,875,867
1997	3	4	7	2,343,295
1998	3	5	8	2,332,095
2000	9	11	20	7,820,550
Total	34		59	19,569,893

The annual funding for microenterprise has increased over the years. The total funding level, including both operating and loan funds, was between \$1.5 and \$2 million in the first four grant cycles, over \$2 million in the 1997 and 1998 grant cycles, and almost \$8 million in the 2000 grant cycle. In addition to these grants to operating agencies, ORR arranged for assistance to all the grantees in the development and operation of their programs, through direct technical assistance and by creating interagency networking.

⁷ ORR became one of the first federal agencies to permit the use of grant monies for revolving loan funds to help capitalize refugee business starts and expansions.

⁸ One grant was given to the State of Wisconsin (in grant years 1995, 1998, and 2000). The State subcontracted to three Community Action Agencies which implemented the Microenterprise Development Program. An additional grant was given in the 1998 grant year; however, the agency did not fully implement the program.

The ORR Refugee Microenterprise Program has been a poverty alleviation program. The program was initially intended for recently arrived refugees (typically within two years of arrival in the United States) who generally possess few personal assets and lack a credit history that meets commercial lending standards. Many of the projects also targeted refugees receiving public assistance or whose household incomes fell below the poverty line.

The refugees who came to the programs seeking help in establishing businesses brought with them a rich diversity of business ideas, skills, experiences, and ambitions. This diversity is reflected in the wide variety of business types found throughout the program, for example, a Vietnamese egg roll manufacturer in Houston, a Chinese art wholesaler in Los Angeles, ginseng farmers in Oshkosh, Wisconsin, and Bosnian smoked meat distributors in Lincoln, Nebraska.

The refugees also varied widely in their levels of business acumen. Refugee microenterprise programs typically include a training and technical assistance component, which develops participant skills in business plan development and business management, and a business financing component, either the management of a revolving loan fund or linkages with other sources of business financing.

II. EARLY ASSUMPTIONS

At the time this program was designed in the early 1990s, various assumptions were widely held in the field of microenterprise development. Four of the most commonly held assumptions are listed below:

1. The primary barrier to self-employment for low-income persons, women, and minorities (in this case refugees) was the shortage of capital.
2. The peer lending models popular in developing countries (models such as the Grameen Bank of Bangladesh that provides very small loans through lending circles with minimal training or technical assistance) would be effective in the U.S.
3. Experienced microenterprise organizations would be more likely than social and employment service agencies to operate effective refugee microenterprise programs.
4. The small-business experiences of many refugees in their countries of origin prepare them for, and would translate into, a high level of entrepreneurial aptitude and preparedness for operating businesses in the U.S.

Access to Capital

The first assumption was that access to capital was the primary barrier to self-employment for refugees. It was known that informal lending mechanisms, such as the Vietnamese *hui*, had been transplanted from refugee homelands to the U.S. and had become popular sources of capital for refugees who did not have access to commercial loans. The common understanding, however, was that these informal lending mechanisms did not meet the needs for capital loans in refugee communities and that commercial bank financing was not readily accessible.

This assumption underestimated the availability of capital resources in refugee communities and the access that individuals who are planning businesses have to those resources. For example, almost 50 percent of the business starts and expansions in the first five years of this initiative began without accessing funds available from the microenterprise organizations or their commercial credit linkages. Furthermore, those businesses that did access microenterprise program financing often accessed other financing as well. In short, refugees had significantly greater access to capital than was anticipated. They often had substantial savings themselves and could borrow additional funds from family and friends.



At the same time, however, economic and business conditions have changed substantially over the past 10 years, and types of businesses started by program clients have also changed. It requires more capital to start many of the businesses now. Many of the more recent arrivals also have fewer financial assets to start businesses with than did the earlier arrivals. Many, such as the Somalis,

have operated in trade economies that are far less formal systems than U.S. business models. Thus, while many refugee entrepreneurs can depend on funds from family members and friends, they often need loans to patch together enough funds to make an authentic approach to self-employment. Frequently, these refugees have relied on credit card advances for the cash they need, but the high interest of credit card borrowing makes them less than advantageous choices. In fact, access to capital, in combination with comprehensive technical assistance, are often *the* critical elements in whether refugee entrepreneurs succeed in starting their businesses.

Peer Lending Models

Many microenterprise programs in the U.S. attempted to replicate internationally known peer-lending programs, such as that of the Grameen Bank in Bangladesh, where groups of borrowers make lending decisions and mutual commitments for repayment of very small initial loans. (Subsequent loans may increase in size as the group demonstrates its capacity to make repayments.) Many assumed that this model would be effective with refugees, many of whom had come from regions of the world where peer-lending programs have been successful.

In reality, the peer lending strategies were less effective than anticipated and have entirely disappeared from ORR's grantee network. Two of the foundation stones of the model were missing: personal and family ties and mutual obligations. The success of the peer lending model is rooted in the village setting, where people live in close proximity. Everyone sees each other frequently and naturally in various work and social settings. They know each other well, and they know each other's families. There is no barrier to frequent communication. Also, the communal values of the village create strong bonds of mutual obligation which are easily enforced. In contrast, refugees of the same nationality residing in large U.S. metropolitan areas may live so far apart that traveling to group meetings is a burden. Members of lending groups do not know each other well enough to forge mutual obligations. As Sean Carpenter, from San Diego's International Refugee Committee said, "Peer lending is just peer pressure. It doesn't work in a society as urban and mobile as ours."

Experienced Microenterprise Organizations vs. Social and Employment Services Agencies

Another assumption was that because microenterprise development requires a unique orientation and expertise, agencies whose mission is business development and who have track records of success with American populations would have a decided advantage over refugee social and employment services agencies in operating these projects. Minor adaptations to the programs of experienced microenterprise development agencies to accommodate the refugee population were expected to produce effective programs for refugees. The corollary assumption was that it would be difficult for social and employment service agencies to acquire the business development expertise needed to operate microenterprise programs successfully.

"Peer lending is just peer pressure. It doesn't work in a society as urban and mobile as ours."

The performance outcomes of the programs indicate that refugee social and employment service agencies have done much better than expected in making the changes needed to succeed in business development activities. In fact, they often exceed the track records of traditional microenterprise programs—as measured by business starts, expansions, and loan portfolio performance. Over time, refugee program operators have made a concerted investment in acquiring technical assistance for their organizations and hiring and training staff who combine business acumen and experience with solid backgrounds of service to non-traditional microenterprise clients. The most successful organizations are those that synthesize cultural and business competence.

Entrepreneurial Aptitude and Readiness

The fourth assumption was that refugees would have entrepreneurial aptitude and would welcome the opportunities that a microenterprise development program could provide. It is a commonly held belief that many refugees bring to this country a rich heritage of entrepreneurship and business acumen. One hears countless stories of women operating small, home-based businesses in their countries of origin. These experiences, it was believed, would make refugees prime candidates for similar business ventures in the U.S.

Many refugees bring to this country a rich heritage of entrepreneurship and business acumen.

These assumptions led to two miscalculations. First, most agencies did not realize the extent to which training and technical assistance would be necessary to prepare refugees to operate businesses in the complex and very different U.S. business environment. This was particularly true for recent refugees who were still adjusting to the disruption and loss that had occurred in their lives, who were trying to understand a new social and cultural environment, and who had not had sufficient time to explore the complexity of the business methods and environment in the U.S.

Second, these assumptions led agencies, particularly in the early years, to believe that the demand for their services would preclude the need to market the projects in refugee communities and to actively recruit refugee participants. In fact, marketing and recruitment became, and are today, critical to program success.

III. TYPES OF AGENCIES THAT OPERATED PROGRAMS

A diverse group of agencies operated ORR-funded microenterprise projects (Appendix A). Of the 34 agencies that received funding⁹ 16 are Voluntary Agency Affiliates (Volags),¹⁰ six are Mutual Assistance Associations (MAAs),¹¹ six are Microenterprise Development Organizations (MDOs), two are Community Action Agencies (CAAs), one was a State agency, and three were operated by other types of organizations.

There is considerable diversity among the agencies in regard to experience serving refugees and business development. Some Volags and MAAs have histories of serving immigrants and refugees but little experience in business development. Some are large organizations in which services to refugees and immigrants are a major component of their operations. Others are small, community-based agencies whose exclusive mission is to serve the foreign born, and some of these agencies were created and operated by former immigrants and refugees.

The six MDOs are business development agencies with little or no experience in serving immigrants and refugees. Some focus on women's economic development or on microenterprise development with low-income people, while others offer a wide range of business development services to diverse populations. Some have had scant experience in business starts, focusing instead on business expansions.

The agencies are diverse in other ways:

- They are located in 24 states from Hawaii to Maine. (The states in which the programs operated were California, Florida, Hawaii, Illinois, Iowa, Kentucky, Maine, Massachusetts, Minnesota, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Tennessee, Texas, Virginia, Washington, and Wisconsin.
- They operate in both urban and rural settings, but predominantly in urban areas.
- They are located in areas with high and low concentrations of refugees.
- They primarily serve refugees who have entered the U.S. during the previous five years. Many concentrate on refugees who arrived in the U.S. within the previous two years.
- Some programs serve a single nationality group, others target several nationality groups, and still others recruit from all nationality groups.
- The program designs varied widely in their relative emphasis on training versus credit and in the intensity, duration, and format of training and/or individual technical assistance

⁹ Programs were funded in 1991, 1992, 1994, 1995, 1997, 1998, and 2000.

¹⁰ Volags are non-profit organizations under contract with the U.S. Department of State that provide for the reception, initial placement and resettlement of refugees in the United States.

¹¹ MAAs are organizations based in and run by ethnic communities. They stimulate community support for refugees and provide services such as orientation, transportation, and assistance with clothing and child care.

IV. OVERALL PROGRAM ACHIEVEMENTS

This chapter presents the achievements of the refugee microenterprise programs over the past eleven years. The first section describes the types of people who participated in these programs. The second section discusses the types of business development services they received and the results of those services. The third section shows changes in several program aspects over the life of the program.

Profile of Entrepreneurs

The characteristics of the 8,799 refugees who participated in the microenterprise development programs during the eleven year period of October 1991 through September 2002¹² are described below.

1. **Age.** A majority (60 percent) were 31-50 years of age
2. **Gender.** Most (65 percent) were men
3. **Marital status.** Most (68 percent) were married and living with a spouse
4. **Arrival.** Most (72 percent) were recently arrived refugees, that is, they had entered the U.S. less than five years prior to entry into the program, and about half of these had been in the U.S. less than two years,
5. **English competency.** 37 percent reported little or no English competency, and another 43 percent reported only a conversational level of English competency
6. **Nationality.** The largest group, 40 percent, were from Southeast Asia, 34 percent were from Eastern Europe and the former Soviet Union and 15 percent were from Africa
7. **Income.** Almost half (46 percent) of those for whom poverty data was collected¹³ had incomes below 185 percent of the poverty level as defined by the Department of Health and Human Services (DHHS); over one third (37 percent) were receiving Aid to Families with Dependent Children (AFDC) and 38 percent were receiving food stamps

Business Development

Data collected by ORR microenterprise grantees included the number of businesses that received each type of assistance (start, expansion, or strengthening), survival rates, number and amount of loans, and cost effectiveness.

Business Starts, Expansions, and Strengthenings

Of the 8,799 participants, over 21 percent (1,863) started, expanded, or strengthened businesses. Of these, 73 percent were business starts, 16 percent were business expansions, and 11 percent were

¹² The data presented here represent three-year program data for 1991 grantees (1991-1994), 1992 grantees (1992-1995), 1994 grantees (1994-1997), 1995 grantees (1995-1998), and 1997 grantees (1997-2000). The 1998 grantees operated within a two year grant period (1998-2000). This report covers only the first two years of data for the 2000 grantees.

¹³ Data on poverty levels was not collected for the 1991-1995 grantees. The 1997-2000 grantees did not report poverty status on thirty five percent of their participants.

business strengthenings.¹⁴ The ratio of starts to expansions and strengthenings (2.7 to 1) is high when compared with non-refugee microenterprise programs nationwide, many of which predominantly serve existing businesses. This is particularly noteworthy since business starts typically require longer and more intensive service than business expansions, and the rate of positive outcomes (e.g., survival rates) are generally lower.

Most (55 percent) of the businesses started, expanded, or strengthened were in the service industry—a sector where businesses can generally be started with minimal capital. In addition, 26 percent of the businesses were in retail, and 8 percent were in manufacturing.¹⁵

Home Based Businesses

Home-based businesses accounted for 42 percent of all businesses. This was lower than expected given the size of the businesses and the small amount of capital borrowed for start-ups.

Business Survival Rates

As of the end of each grant period, 89 percent (1,658) of the 1,863 businesses (90 percent of business starts, 91 percent of business expansions, and 72 percent of strengthenings) were still operating. This rate was substantially above expectations. It is significantly higher than national averages for small businesses generally, and substantially higher than other microenterprise programs in the U.S., most of which serve families with higher average household incomes.¹⁶

The performance of the refugee projects is particularly noteworthy when one takes into account the high percentage of business starts (compared with business expansions) and the fact that most of these refugees are so newly arrived in the U.S.

Organizational Profile: Jewish Family Services

While the increase in clients served, business outcomes, and loans has not been steady from year to year, the quality of businesses and the capacity of agencies to serve them has increased over the years. Three programs in particular provide excellent examples.

In two years, Jewish Family Services (JFS) in Columbus, Ohio, served 284 refugees, mostly from Africa and the Former Soviet Union. One hundred and fifty six (156) of those served—an extraordinary 55 percent—started a business, and another 18 expanded or strengthened existing businesses. JFS contributed to the success of 33 stores inside a renovated strip mall by providing financial and technical assistance to dozens of Somalis and other Africans. The shops cater to the refugee population and have become a catalyst for economic development in the neighborhood. The entire micro-enterprise program has quickly expanded—the agency was able to obtain county funds to serve TANF recipients—and also incorporated an IDA program. In fact, the refugee microenterprise program has become a separate—and the largest—department of its agency.

¹⁴ The initial database was not capturing types of business strengthenings other than business expansions (which is defined as increasing the number of employees), but the “business strengthening” category was added to the data system in 1997. Business strengthening focuses on business development outcomes such as increased revenues and profitability.

¹⁵ Eleven percent of the businesses were documented as “other,” but were likely manufacturing or a combination of categories.

Loans

Of the 1,863 business starts/expansions, 47 percent started/expanded without loans from the microenterprise programs. The other 53 percent received loans totaling \$6.69 million dollars for an average loan of just over \$7,600. Data collected at the end of each program period showed the default rate was 2.1 percent of the loans and 2.0 percent of the total amount of money loaned. ORR funds provided \$3,126,211 (47 percent) of the loan capital, which leveraged \$3,564,604 in other financing.

Cost Effectiveness

Excluding loan funds, the total amount of ORR operational funding expended for these 34 microenterprise initiatives was \$19,569,893 over the eleven-year period. This represents an average cost per business start/expansion/strengthening of \$10,505, an amount comparable with other microenterprise programs.¹⁷

Another measure of cost effectiveness in the business development field is cost per job created. The programs did not begin collecting data on the number of jobs (in addition to that of the owner/operator) created by these businesses until they had been operating for several years, but complete data was collected from 1994-2002. From October 1994 through September 2002, the programs

¹⁶ For example, the one-year survival rate for microenterprises started or expanded by the seven “senior” microenterprise development agencies studied by the Aspen Institute’s Self-Employment Learning Project was 82 percent (see Peggy Clark and Amy Kay. *Enabling Entrepreneurs: Microenterprise Development in the U.S. Baseline Year Report of the Self-Employment Learning Project*. Washington, D.C.: The Aspen Institute, 1995). The survival rate of microenterprises started/expanded between 1985 and 1993 by the 31 microenterprise development agencies funded by the Mott Foundation was 78 percent (see Joyce Klein, *Small Steps Toward Big Dreams, 1994 Update*. Flint, MI: The Charles Stewart Mott Foundation, 1994).

The U.S. Small Business Administration’s data on business survival has significant limitations. SBA’s statistical report says that 23.7 percent of businesses cease to exist after two years and 52.7 percent after four years. However, SBA’s definition of “business dissolutions” is composed of three subcategories: business failures (businesses that cease operations with a loss to one or more creditors—which is tracked by Dun and Bradstreet); business terminations (businesses that cease paying federal income tax and unemployment insurance premiums for employees); and business bankruptcies (businesses that file formal bankruptcy to restructure or liquidate debt). Since 85 percent of the business dissolutions are terminations, which by definition exclude self-employment businesses, i.e., those with no employees (which represent the majority of microenterprise businesses), these figures probably underestimate business failure rates (*Small Business Indicators*. Washington, D.C.: U.S. Small Business Administration, Office of Advocacy, Office of Economic Research, December 1996).

An article by Bruce D. Phillips, Senior Economic Researcher for SBA, and Bruce A. Kirchoff indicates that 40 percent of new firms survive six or more years (“Formation, Growth and Survival: Small Firm Dynamics in the U.S. Economy,” *Small Business Economics*, Vol. 1, 1989). Since this article is also based on data that largely exclude self-employment businesses, the rate of business failures is probably underestimated.

¹⁷ For the period of 1992-93, the cost per business start/expansion for 31 agencies in the Mott study (*ibid.*) ranged from \$500 to \$39,000, with an average cost per business start/expansion of \$10,521. The seven senior programs studied by the Aspen Institute (Elaine Edgcomb, Joyce Klein, and Peggy Clark. *The Practice of Microenterprise in the U.S.* Washington, D.C.: The Aspen Institute, 1996) had a lower average cost per business start/expansion—\$2,739—overall, with a range from \$1,727 to \$6,622 among the seven programs; the lower costs are to be expected, since these are among the largest and most sophisticated programs in the U.S.

New York Association for New Americans (NYANA)

New York Association for New Americans (NYANA) was first funded in 1997. The agency has served a total of 593 clients, mostly from Eastern Europe and the Former Soviet Union. Thirty nine (39) percent have been in the U.S. for less than two years. These refugees have started 81 businesses and expanded or strengthened 92 others. NYANA has become an SBA Intermediary lender and is in the process of becoming certified as a Community Development Financial Institution (CDFI).²⁰ Recently the organization received one of nine Hewlett Packard Foundation grants.

Fresno County Economic Opportunity Commission

Fresno County Economic Opportunities Commission (EOC) was first funded in 1994, and has since assisted 425 refugee entrepreneurs start 121 businesses and expand or stabilize 11. They serve primarily Southeast Asian refugees, most of who have been in the U.S. for more than five years. Fresno EOC has obtained \$100,000 in loan funds from the Bank of America and anticipates obtaining an additional \$1 million in loan funds in the near future. EOC also operates IDA programs funded by four agencies—ORR, OCS, HUD, and CalWorks. EOC provides annual loans to refugee farmers. One Laotian farmer who grows Asian specialty crops has not only repaid his loans, but purchased a home.

had started/expanded/strengthened a total of 1,525 businesses which created an additional 1,026 full-time and 651 part-time jobs not counting the owner. On the assumption that the 1991 and 1992 grantees generated new jobs at this same rate, a total of 2,606 full-time jobs¹⁸ would have been created by the 1,863 businesses (1,354 jobs occupied by the owner/operators of new businesses plus 1,252 additional jobs occupied by employees). Thus the cost per job created was \$7,510, which is comparable with, though slightly higher than, other job creation initiatives.¹⁹

A third measure of cost effectiveness is the number of people who enter employment as an outcome of their participation in microenterprise programs. Participants often decide that self-employment is not the best avenue for them. However, the business training they received enables them to clarify their employment objectives, identify opportunities, develop linkages to job opportunities, and increase their employability, particularly their language proficiency and acculturation. They subsequently find jobs. The agencies reported that 1,134 participants obtained employment during or immediately following the microenterprise training program. When these employment outcomes are added to the 2,606 jobs created by the business starts/expansions, a total of 3,740 participants obtained employment as a result of the programs. Thus the cost per employment outcomes (self-employment, employees of the businesses, and other employment) was \$5,233.

Trends Over the Life of the Program

At the outset, helping refugees to start businesses was a new endeavor for everyone. Refugee social service agencies had to learn a new field of practice, requiring a different orientation, new skills, and new partnerships.

¹⁸ We will not consider the part-time jobs. Even though they are a substantial economic contribution to refugee employment, they are generally not calculated in job-creation figures.

¹⁹ For example, the Job Opportunities for Low-Income (JOLI) program operated by the Office of Community Service within the U.S. Department of Health and Human Services gives preference to applicants who propose to create jobs for under \$5,000 per job, but many projects do not achieve this goal. In the Aspen study (Edgcomb, et al., *op. cit.*), only two of the seven agencies collected the data needed to compute the cost per job created, and their costs were \$4,114 and \$6,155.

The experienced microenterprise development agencies had to learn the complexities of working with people with diverse languages and cultural backgrounds, many of whom were still adjusting to being uprooted from their families, friends, and societies (as noted earlier, 35 percent had been in the U.S. less than two years). The language, cultural, and emotional adjustments were made more complex by the economic conditions of the refugee participants. Over 30 percent reported household incomes below the poverty line, and over one third were welfare recipients.

Agency Outcomes (annual)

As each agency learned what was needed to serve refugees effectively, there has been a substantial increase in the annual number of refugees enrolled, businesses assisted, and number and amount of loans granted, as shown in Table 2. The median number of participants enrolled per agency tripled as staff learned to market and run their programs more effectively. The median number of total business outcomes per year increased from eight to between 10 and 12 each year, with 75 percent of the outcomes being business starts. The median number of loans per agency per year doubled, while the dollar amount of financing tripled.

Table 2
ANNUAL PERFORMANCE OF ORR MICROENTERPRISE PROGRAMS
(Median figures by grant cycle)

	1991 Grantees	1992 Grantees	1994 Grantees	1995 Grantees	1997 Grantees	1998 ^a Grantees
Enrollment						
<i>Median per year</i>	26.8	49.2	57.3	34.3	44.0	50.0
Total Business Outcomes						
<i>Median per year</i>	7.8	7.7	8.3	10.3	12.7	9.5
Business Starts						
<i>Median per year</i>	7.2	10.8	5.5	8.5	5.0	7.0
Business Expansions						
<i>Median per year</i>	0.5	0.8	1.8	1.7	3.0	0.5
Business Strengthenings						
<i>Median per year</i>	NA	NA	NA	NA	2.3	1.8
Number of Loans						
<i>Median per year</i>	4.0	3.7	3.8	1.3	5.8	2.5
Total Amount of Loans						
<i>Median per year</i>	\$16,860	\$25,001	\$30,083	\$34,145	\$52,967	\$19,150

^a 1998 is the only two-year grant period

^b Note that the 2000 data is for two years

²⁰ CDFIs are private-sector, financial intermediaries with community development as their primary mission. They serve economically distressed communities by providing credit, capital, and financial services that are often unavailable from mainstream financial institutions. For more information, visit: <http://www.cdfi.org/>.

Table 3 shows the annual performance of the programs, including the number of clients enrolled, business outcomes, and loans granted for each grant cycle. The ratio of enrollment/business outcomes improved significantly over the duration of the program, from one business outcome for every 6.75 persons enrolled, to one for every four. Over the life of the program, the ratio of business assisted to loans granted increased, meaning that fewer businesses received loans along with technical assistance and training.

Table 3
ANNUAL PERFORMANCE OF ORR MICROENTERPRISE PROGRAMS

	1991	1992	1994	1995	1997	1998
	Grantees	Grantees	Grantees	Grantees	Grantees	Grantees
Total Enrollment	1,262	728	1,309	558	1,129	725
Total Business Outcomes	187	151	162	183	241	174
Total Loans	95	102	121	33	139	61
Ratio:						
Enrollment/Business Outcomes	6.75	4.82	8.08	3.05	4.68	4.17
Business Outcomes/Loans	1.97	1.48	1.34	5.55	1.73	2.85

Participant characteristics over time

By 2002 the average refugee participant was more self-sufficient, spoke better English, and had been a resident of the U.S. for a longer period of time than the early participants in the program. This suggests that the more newly arrived refugee is either less likely to attempt self-employment or is less likely to be recruited for these programs. (See Table 4).

Table 4
PARTICIPANT CHARACTERISTICS OF ORR MICROENTERPRISE PROGRAMS
(Mean percent for grantees in each grant cycle)

	1991 Grantees	1992 Grantees	1994 Grantees	1995 Grantees	1997 Grantees	1998 Grantees
Age:						
31-50 years of age	54	63	59	60	61	63
Gender:						
female	33	37	35	29	34	31
Married, living with spouse	61	72	71	67	71	70
Nationality						
Southeast Asian	61	39	86	27	27	25
Eastern European	35	34	11	45	47	40
African	3	22	1	14	14	17
Middle Eastern	1	1	0	3	4	5
Receiving cash assistance	55	41	44	19	36	29
Below poverty	N/A	N/A	N/A	N/A	25	34
Little/no English competency	45	34	37	20	35	34
Date of entry: 5 years or less	99	76	51	65	65	74

As shown in the table above, some participant characteristics have been relatively constant over the grant cycles, such as age distribution, gender, and marital status. The participants' nationalities varied among the agencies funded in each grant cycle and their target populations.

Other characteristics have changed over the years. For example, the percentage receiving public assistance declined across grant periods, which is likely due to welfare reform. There was also a decrease over the years in the percentage with little or no English competency and the number of single persons. Finally, the number of refugees who had been in the U.S. for more than five years was significantly higher for the more recent grantees than for the initial grantees.

Several factors may account for the decrease in the number of recent refugee participants. First, changes occurred in federal program policies. Early in the program, ORR encouraged serving refugees who had entered the U.S. within the previous two years. Through program experience, it was determined that, while some refugees might be able to start businesses at this early stage, many were caught up with language and cultural adaptation and were still too new to the U.S. trade and business environment to take this step. Many program administrators believed, moreover, that

recently arrived refugees would benefit from employment experience, which would give them time to learn the language, the culture, and the U.S. business environment prior to venturing into self-employment.

A second factor accounting for changing characteristics of participants was that several programs shifted to requiring a higher level of English competency at enrollment. Early on, several programs used interpreters in the classroom training and individual business assistance sessions. At times, there were several translators in a single classroom interpreting simultaneously in several different languages. This process proved disruptive and unproductive. Programs resolved the problem of interpretation in one of three ways: (a) by conducting the training in a national language if the class was composed entirely of one language group, which involved hiring and training as business consultants/trainers persons who spoke the language; (b) by teaching in English but integrating ESL training into the business training, which usually required considerably more hours of training time; or (c) by teaching in English and making a moderate level of English proficiency a prerequisite for participation.²¹

There was a marked decrease in the percentage of families that received public assistance (from 55 to 30 percent) participating in the programs. This may reflect a tendency of programs, on the basis of their experiences, to select participants with a higher likelihood of success—or to screen out participants who faced multiple obstacles. This may have occurred because of their efforts to achieve the goals they established at the outset—and thus the need to focus their efforts toward those most likely to produce results. It may also have resulted, in part, from changes in the clients; that is, as programs recruited refugees who had been in the U.S. longer, they were more likely to be employed and to have learned more English. However, for the three grant cycles for which poverty data was collected, the number of families at or below the poverty line actually increased from 25 percent in 1997 to 32 percent in 2000. The decrease in cash assistance and increase in households below poverty may likely be due to welfare reform laws.

Of the 8,799 participants, over
21 percent (1,863) started, expanded,
or strengthened businesses.

73% were business starts
16% were business expansions
11% were business strengthenings

²¹ In general, agencies found that if they worked in communities where a single nationality group was sufficiently large to provide an adequate customer base for businesses, the business owners could operate in their national language and English competency was not critical. On the other hand, if the businesses needed to serve the broader community in order to have an adequate customer base, English competency was much more important.

V. LESSONS LEARNED

There are many diverse lessons learned from the past eleven years of the ORR Refugee Microenterprise Program. The data on which these lessons are based may lead to multiple interpretations. We present the data and conclusions below. Others may draw different, yet valid, conclusions.

The areas in which we have discovered lessons learned fall into eleven categories:

- Mission and market
- Staff
- Business development focus
- Business training and technical assistance
- Partnerships
- Business financing
- Administrative capacities and practices
- Target population
- Types of businesses developed
- Start-up time
- Technical assistance to the programs

Mission and Market

Whether they struggled or took off with flying colors, the success of microenterprise development programs was affected by the mission and organizational culture of the parent agency. The willingness of these organizations to be flexible in terms of staff, collaborations, and target population has contributed to the growth of many programs over the years.

The willingness of these organizations to be flexible in terms of staff, collaborations, and target population has contributed to the growth of many programs over the years.

As we saw five years ago, some organizations sought funding opportunities without first vetting the opportunity against their mission and market. The same is true today. Not surprisingly, these organizations frequently operate marginal microenterprise programs, experience long and frustrating start-up phases, have trouble retaining business-oriented staff, or simply fail to meet the needs of refugee entrepreneurs.

Some organizations whose primary mission is resettlement have underestimated the resilience, business experience, and qualities of success—such as the typical refugee’s outstanding work ethic—that make many refugees well-prepared to achieve self-sufficiency through entrepreneurship. Microenterprise programs such as these tend to over-train clients, underestimate the importance of the refugee’s need to access capital for her business idea, or otherwise devote precious staff resources to clients for whom business development is not their primary goal. The mission of these organizations is providing solutions to immediate human problems that, while critical, are often times not compatible with the dynamic, energized, and creative needs of the refugee intent on “taking care of business.”



Other organizations have grown in understanding and discernment in tandem with their microenterprise programs. “It took a while for our administration to catch up with the goals and objectives of our staff,” said Bob Jump, the microenterprise program director for ADVOCAP, an outstanding Community Action Program in Oshkosh, Wisconsin. He continued:

But when they began to see the number of businesses started and jobs created through our efforts, and the huge demand for business development services from among refugees, they got on board in a big way. Basically, it took a while for them (administration) to trust us and to recognize our effectiveness. Microenterprise programming is an essential part of our mission today.

In the 1998 *Lessons Learned* report, it was noted that some organizations, whose mission is service to immigrants as well as refugees, experienced much internal anxiety as they served one constituency while excluding another. Today, nearly all ORR grantees meet the business development needs of both refugees and immigrants because they successfully sought and found program expansion dollars that broadened their market to include immigrants and refugees who have become citizens. The “business decision” of these ORR grantees has been good for their organizations as well as for immigrants and refugees alike.

The dynamic and changing face of the refugee market has also changed the customer base for many ORR grantees. In the early days of the project, Southeast Asians such as Vietnamese, Hmong, Laotians, and Cambodians comprised the majority of clients for whom services were provided. As the fall of Saigon recedes into history, and as Southeast Asians became assimilated and opted for citizenship, many organizations needed to retool and redesign basic programming to serve the different cultural, linguistic, and business orientations of new refugees arriving from Africa, the former Soviet Union, the Middle East, and the former Yugoslavia.

The majority of ORR grantees have been able to respond to the changes in their marketplace by developing broader linguistic capabilities, hiring a more diverse staff, or fostering collaborations with organizations that help them fill these new and special niche markets. The best of these organizations, such as the New York Association of New Americans (NYANA), viewed ORR support as start-up capital for serving a broad and potentially client rich market place. “The ORR grant really helped us jump start our microenterprise program,” says Yanki Tshering, NYANA’s Director of Microenterprise Programs.

Today, nearly all ORR grantees meet the business development needs of both refugees and immigrants because they successfully sought and found program expansion dollars that broadened their market to include immigrants and refugees who have become citizens.

Not only are we now an SBA Intermediary Lender, but we are in the process of becoming CDFI²² certified and are working to close on a \$1,000,000 loan from CHASE Manhattan Bank for our loan fund. Last year we made \$50,000 in interest income from our loan clients. We are still struggling and far from being self-sufficient, but we have a lot to thank ORR for.

Only a few grantees lacked the interest or the ability to meet the challenges of the market. As a result, they have left the refugee microenterprise field altogether or operate at fairly marginal levels. In every case, however, the mission and organizational culture of the Microenterprise Program's "parent" played an integral part in the success or failure of its incursion into the world of refugee microenterprise. Organizations where microenterprise development is consistent with its self-image are achieving scale and, consequently, have more resources to share with their refugee clientele.

Staff

As we observed five years ago, staff selection, training, and retention are critical to the success of refugee microenterprise programs. Staff with the "right stuff," whose microenterprise program mission is supported by their administration and integrated into the agency structure, is the essential ingredient for success. Staff training, linkage to microenterprise development networks, and realistic compensation are also important contributors.

Expertise. What is the "right stuff?" According to Sean Carpenter, manager of International Rescue Committee's refugee microenterprise program in San Diego, California, the right stuff is:

Solid experience in small business, either as former business owners or as employees in businesses owned and operated by their families. Former Peace Corp volunteers are also excellent. They are self-starters, familiar with foreign populations, used to enduring hardship, and can make long-term commitments for something they believe in even when the pay is low. All in all, they are the nearly perfect employee.

Mike Salem, director of Church World Service's MED project in Miami Florida, recruits staff that are as entrepreneurial as the clients they serve. He says:

When I hire microenterprise staff, I'm really looking for someone who understands small business and feels passionate about self-employment. These are people who may have experienced business failure on a first hand basis, yet have come away from that failure with more knowledge of and more appreciation for the challenges that refugee entrepreneurs take on. These are people who understand business on a "gut-level" and take every client success or failure to heart.

²² Community Development Financial Institution. CDFIs are private-sector, financial intermediaries with community development as their primary mission. They serve economically distressed communities by providing credit, capital, and financial services that are often unavailable from mainstream financial institutions. For more information, visit: <http://www.cdfi.org/>.

“We look for people with a strong business background and an ability to relate to our clientele and to communicate effectively,” says Maurine Huang, director of Opening Doors, Inc. in Sacramento. She continued:

Linguistic and cultural skills are less important than are solid technical skills such as being able to put together cash flow projections and helping clients access business financing. Refugees are practical people, after all, and their focus is on solving immediate problems like making enough money to survive on. They want expert help more than anything else.

One observable trend is that microenterprise practices have shifted away from hiring staff based on ethnicity. Programs have discovered that no single group of linguistic or culture competencies can cover the multiplicity of refugee communities in most U.S. cities. “When we started our ORR MED project 10 years ago, our client base was almost exclusively Vietnamese,” reports D.A. Tran, director of Los Angeles’s Economic and Employment Development Center’s microenterprise project.

Now, our clients are Russian, Chinese, Armenian—a whole rainbow of people and ethnicities.... Having staff with business backgrounds and a spirit of service has been the key for keeping up with changes in our market. We certainly need staff with language and cultural competencies, but that isn’t a trade off for technical skills.

Many agencies have begun to develop sector-specific services where clients are grouped according to their business interests rather than by ethnicity. The sectoral strategy can be an especially effective one, since technical assistance providers develop in-depth knowledge of the sector and engage its trends, business culture, and its more arcane aspects with great expertise. It also helps streamline lending and reduces transactions costs—to both the agency and the client.

Some ORR funded microenterprise projects now possess a multi-year history of providing business development services. Over that time, a consensus has developed among project managers that staff with practical small business experience, especially in marketing, sales, business financing, and operations, are more effective in terms of generating business outcomes than are individuals with accounting, public policy, social work, or adult education backgrounds. These individuals, who are often highly educated and exceptionally well motivated, often make significant contributions to microenterprise operations that are fairly large and compartmentalized with separate recruiting, training, lending, and technical assistance functionalities. In the typical small-scale microenterprise operation, however, staff commonly serve multiple functions and possess a broad range of skills that address specific business problems such as pricing, inventory control, regulatory compliance, etc. Here, experience trumps specialized or narrow training.

What then, should program operators look for when hiring the ideal microenterprise staff? Among the characteristics are the following:

- A former business operator or past employee in a family owned business
- Business skills, especially in marketing, sales, finance, and operations
- An entrepreneurial orientation and passion for small business

Some potential candidates may also have experience as overseas business development services providers. Former Peace Corps members are often qualified to serve in this capacity.

Language. If there is a language that is spoken across all refugee populations it is the language of money. Program managers across the nation report that refugee entrepreneurs are in a hurry to access capital, to start or expand businesses, and to make their economic situations more viable and stable. Thus, limitations of language seem of material importance only when program designs and staff mandate that clients complete extensive trainings, write comprehensive and formal business plans, or pass language proficiency tests before they can access capital or technical assistance. Here, many refugees may never be able to produce test results or business plans that signify English language proficiency. Programs that restrict eligibility to those clients with demonstrable English language skills unnecessarily restrict their customer base and damage the marketability of their programs within refugee communities.

“Refugees rely on our English language skills to help them with obtaining business licenses or interpreting codes and ordinances,” said Tony Nguyen, executive director at the Research and Development Institute in Houston, Texas. Nguyen added, laughing:

It’s less important for them to understand English at that comprehensive level than it is for them to have a technically qualified ... staff available to complete forms and interpret regulations. Sometimes, no level of English skill is enough to master city and county bureaucracies.

It also seems clear that using interpreters adds little to program efficiency or effectiveness and often slows down the business development process. “We have in the past tried both Russian and Hmong aides,” added Maurine Huang of Opening Doors, Inc., “and have found that [ability to speak the language] was less important than technical know-how. Interpreters can be important, but they have to know what they are doing.”

On the other hand, EEDC’s D.A. Tran says,

The fact of the matter is that we need [ethnic] staff to win the trust and confidence of the participants we target in an outreach effort. Once the first battle (overcoming the cultural barrier) is won, the second battle (providing technical assistance and training) has to be taken care of by staff members with high level business skills.

Possessing multi-language resources is important, then, for program marketing, outreach, and orientation. Prospective clients respond favorably to flyers and brochures in their national language. Legal documents such as Release of Information forms and loan agreements must be produced in a format that clients can read and understand. “We got exactly nowhere with our Hmong Child Care Provider program until we translated all of the material into Hmong,” said Vee Phan Nelson, executive director of the Center for Asians and Pacific Islanders in Minneapolis, Minnesota. “As soon as we distributed our brochures and flyers in the Hmong language, we had a waiting list for training.”

Summarily, it appears that refugee microenterprise programs benefit more from having translation rather than interpretation resources available. Although it may be helpful, if not critical, to have ethnic staff available for client recruitment, ultimately, clients value technical competence more than ethnicity. Finally, the diversity of most refugee populations, especially in larger cities, makes it nearly impossible to provide same-language services to all groups.

Integration of staff into agency. As we saw five years ago, some agencies do an excellent job of integrating the refugee microenterprise staff into the agency. In those instances, program directors became part of the management team of the agency, or at least had direct access to the management team. Also, as we saw half a decade ago, some agencies struggled to fit microenterprise services into their overall operations, or simply chose to ignore it. In those cases, the lack of integration usually reflects the agency’s perception of the program as marginal or peripheral to its other programs.

The consequences of the lack of integration are now quite clear. These programs often have high staff turnover, and “hard” outcomes (such as business starts and expansions, loans made, facilitated and repaid, and jobs created) are less evident and less demonstrable than are “softer” outcomes such as clients who have become “empowered” in some way or inputs such as numbers of clients trained.

The difference between agencies that achieve integration and those that do not seems primarily one of organizational culture. Effective microenterprise programs are inherently entrepreneurial, flexible, and provide services that emphasize the strengths of its “customers” and their ideas. These cultural attributes often collide with a parent agency’s emphasis on standardization, reliance on systems, and social services orientation. What the parent agency misunderstands is that microenterprise development programs are economic development services, not social services. Consequently, microenterprise development may not be an entirely comfortable fit for the agency.

However, not all social service agencies find it difficult to reconcile their organizational culture with the flexible nature of microenterprise programs. A relatively robust number of these social service-oriented agencies have been able to effectively integrate economic development programs into their agencies. Administrators of these agencies have been given—and learned from—object lessons by program staff who have raised substantial funds for asset development services and garnered unusually favorable media attention for the agency as a whole.



Staff Training. Microenterprise program managers and staff have learned that providing MED services is a bit like learning how to play the piano: it never gets easy because the music you can play gets more and more complex.

Most refugee program operators have begun to think about expanding their services to a far more diverse population of entrepreneurs that include immigrants, mainstream low-income populations, specific business sectors, and those entrepreneurs with larger business ideas—and consequently greater financing needs. Early on, these programs relied almost exclusively on ISED, as ORR’s technical assistance provider, to provide their training needs. Today, program managers and staff, often with facilitation by ISED, are exploring and accessing a wide range of training opportunities, not only for developing their microenterprise program but for others such as preparing for CDFI certification, Small Business Administration intermediary status, and New Market Tax Credit opportunities. Much of this learning responds to the challenges of achieving scale and sustainability. If the opportunities that drive big scale operations are realized, it will require managers and staff who can “play more and more complex music.”

Staff Retention. There is significant turnover in microenterprise development staff. The three most common reasons given for leaving a position within a microenterprise program are feelings of frustration with the culture of the organization, greater opportunities to work in an agency with a clear commitment to business development, and the relatively low salaries earned by microenterprise development practitioners. We have learned that good staff will stay with organizations that honor and foster entrepreneurship, demonstrate a long term commitment to providing microenterprise programming, and aggressively seek and create opportunities for staff to advance in salary and position through program expansion and development. Nearly all effective microenterprise practitioners are extremely bottom line oriented and firmly believe that commitment is a two-way street.

Few effective microenterprise staff have the professional training to follow the typical career paths available to them in most non-profit social service agencies. Indeed, they often lack an interest in leading such agencies. Instead, they seek opportunities within the agency to grow and expand their microenterprise project—and their own influence and power—and derive much personal and professional job satisfaction from accomplishing that goal. In short, their orientation is entrepreneurial and the extent to which the agency fosters or hinders that orientation is their primary consideration when choosing to stay or leave.

Pay is certainly a consideration, since most microenterprise development staff possess transferable skills that can certainly be more adequately rewarded in the for-profit sector. The problem of low pay is only compounded by organizations that view provision of microenterprise services as short-term projects whose continuation is on a year-by-year basis. In fact, microenterprise programs often require several years to mature and to become genuinely effective. MED staff know and understand this and will rarely make solid commitments to agencies or programs that lack a long-term business and community development focus. Thus, the second most common reason people leave microenterprise development projects is to take similar or better positions in organizations that have committed track records for serving micro-entrepreneurs.

More often than not, the success or failure of a microenterprise program depends on the quality of its staff and the skill sets and enthusiasm they bring to the project. In our experience, we have seen marginal operations blossom overnight because of a smart hire. On the other hand, we have seen outstanding projects stumble and falter just as quickly because a good staff person leaves.

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Business Development Focus

Refugee entrepreneurs are truly the genuine article. Like entrepreneurs everywhere, they are focused on measurable results, want fast and effective business development services, and are keenly interested in becoming self-sufficient. Successful MED operations are those that share the same goals.

A surprising number of mainstream programs report with pride the number of prospective entrepreneurs who decide not to start a business, explaining that they have “saved” an individual or family from making an inappropriate choice. Although some refugees are encouraged to avoid self-employment until their personal situations improve, ORR funded microenterprise development programs know that many refugees owned and operated businesses in their homelands. As a result, refugees are generally aware of the risks and benefits of business ownership when they first seek business development assistance. Consequently refugee microenterprise development programs are, by and large, focused on producing measurable business outcomes. Primary results include the number of businesses started, businesses expanded and improved, and jobs created. Important secondary outcomes are increases in family income, increases in business revenues, and increases in sales tax receipts.

“Significant outcomes for our operation are evolving to include what we believe is important to our customers,” reports Ernie Leonard, from Opening Doors, Inc. in Sacramento.

What clients say they want are services focused on increasing personal income, increasing equity, and improving business effectiveness—so that’s what we provide. At the same time, business starts, persons employed and numbers trained will continue to be in our metrics array. They are outcomes that are unlikely to be scrapped by funding agencies or opinion leaders in our industry. [Opening Doors] is, after all is said and done, in business too.

The remarkable change in program operation over five years ago has been the number of programs that have added lending to their projects. “Lending is very important to our overall MED operation,” says EEDC’s D.A. Tran. “It is our “carrot.” It attracts more participants than any other outreach strategy. In other words, it has the greatest positive marketing impact.”

Miami’s Mike Salem echoes this opinion. “Clients want and need money,” said Salem. “Having money to lend really changed the name of the game. It raised Church World Service’s profile in the community and, for the first time, clients took us seriously. We haven’t had any trouble marketing the program since we started lending.”

“We’re in business too,” has become a relatively common refrain among project managers. They see expansion into lending as a strategy that succeeds in getting money into the hands of refugees who cannot get it elsewhere, while simultaneously helping the agency achieve scale. “Our hope is to become financially self-sufficient by 2005. We can only achieve that by aggressively lending—and collecting!” said Belay Embaye, Director of the Enterprise Development Group in Arlington, Virginia.

Another significant change over five years ago has been increased flexibility among program operators as they assess, train, and lend money to clients. Nearly every program has a “fast track” option where experienced business clients move quickly to underwriting—or simply receive very focused technical assistance. At the same time, practitioners report that *their* first order of business often requires them to slow their clients down. “They [refugees] are in such a rush to buy a house, get their kids into college, and to get rich, that they forget some small things, like...not sufficient customers for their products,” says RDI’s Tony Nguyen.

“If someone told me that I’d be reading the *Wall Street Journal* every day when I first started out in this business,” said Larry Jones, former Director of World Relief’s MED program in Nashville, Tennessee, “I would have called them crazy. But what I’ve come to recognize is that I have to be interested in what my clients are interested in: ideas that make money and the economic conditions that make that easier or harder.”

Business Training and Technical Assistance

Since the refugee microenterprise project began 10 years ago, there has been a shift away from group training towards individualized technical assistance. This is partially due to the growing experience of MED practitioners, but has also arisen because of the increase in lending activities.

“The majority of what we do,” says Sean Carpenter of IRC in San Diego, “is to add a little science to the ideas our clients bring to us by assessing what skills they have that are transferable to their business idea and then help them prepare materials—loan and license applications and so on—that speak for them. We have pretty much gotten away from the classroom.”



Carpenter’s approach—more one-on-one technical assistance and less and less formal training—has become a fairly common practice among the funded agencies. Due to the cultural and linguistic diversity of the refugee market, and because refugees are in a hurry to make their mark in business, structured training programs are emphasized less, as is the development of comprehensive and formal business plans. “Frankly,” says Carpenter, “what matters in a business idea and an operating business is cash flow and marketing. If there isn’t enough cash or if a market doesn’t exist, there is no business. Everything else is window dressing.”

Refugee entrepreneurs are truly the genuine article.

Technical assistance appears to fall into three distinct categories. First, there is an assessment and refinement of the business idea where the technical assistance provider and refugee work together to answer both basic and complex business questions. Second, the business idea is packaged and prepared for underwriting. Here, the underwriter asks for more information and helps the refugee assess her potential for taking on the obligations and risks of borrowing. Finally, the refugee is given post loan technical assistance that is often a long term and comprehensive process and based on a mutual interest, repayment of the loan.

ECDC Enterprise Development Group’s John Sutton observes,

For the past several years we’ve helped our micro-loan applicants think about and write their business plans. We’ve tried a number of different sample plans, business plans taken from the web, and basic outlines of questions that, if answered fully, will end up as a business plan. But, we have yet to find plans that are really useful to our clients. What we focus on now is helping clients develop plans that answer two questions: first, “will this plan make it through the loan committee?” and, second; “is this business going to make it?”

Some funded agencies have developed sector-specific business training and technical assistance programs that help clients prepare for self-employment. For example, the International Institute of St. Louis has developed very effective programs to help its mostly Bosnian clientele become independent over-the-road truck drivers. In Nebraska, the Lincoln Action Program has focused on developing a network of home-based childcare providers, a much needed community resource.

“Many of our clients are Southeast Asians who are not familiar with government reporting requirements,” says Lalo Acevedo, at Fresno County Economic Opportunities Commission.

A mandatory group meeting is held with clients who want loans to discuss what our reporting requirements to county public assistance are once the loans are approved. Providing individual one-on-one technical assistance works much better than classroom type instruction. The Southeast Asian culture appreciates and respect staff technical assistance when it is individualized. They (small farmers) are hesitant to share information in the presence of others knowing they might inadvertently give away their business advantage.

Although formal training has disappeared from some microenterprise programs or has been significantly de-emphasized in others, it continues to receive support in many funded agencies. “Training is especially useful for building relationships,” says World Relief’s Steve Bob. “It gives the refugee an opportunity to get to know us and for us to get to know how reliable, realistic, and committed the refugee is. What they learn in the classroom is less important than what we learn about each other.”

Partnerships

There has been a gradual shift in the kinds of collaborations that programs have effected since our last report. Early on, agencies mainly formed collaborations and partnerships with resettlement agencies and other referral sources such as Mutual Assistance Associations. Today, more of the collaborations and partnerships are with financial institutions and business development organizations.

What I’ve come to recognize is that I have to be interested in what my clients are interested in.

“Most of our collaborations have been mutually profitable and thus are continuing,” said Opening Doors’ Maurine Huang. “Others have been less useful. For several years we had an uneasy partnership with an area MAA that emphasized job development and did not provide us with the resources we needed to make the collaboration work.”

Often, funded agencies look for ways to leverage capital, or to find alternative sources of loan funds. “We have been working with Valley Small Business Development Corporation (VSBDC), as an alternate financial lending source,” reports Lalo Acevedo.

We also use VSBDC when our clients seek higher loan levels than what we can accommodate, and we refer our loan applicants to them when our loan funds have been depleted or unavailable. This relationship is good for us and helps fulfill our goal of getting clients into the mainstream financial community.

Funded agencies frequently seek out partnerships with financial institutions. “Banks are still too risk-averse to add much value to our operation,” said World Relief’s Steve Bob. “But it is crucial to know and understand what their CRA²³ rating is. If it’s not so hot, they can usually be convinced to work with you and boost their rating.”

“The whole idea behind collaborations is to bring more resources to the table,” says IRC’s Sean Carpenter. “There isn’t any reason to reinvent the wheel when we can use University of San Diego law students to help clients write contracts or ACCION to make smaller loans to clients.”

²³ The Community Reinvestment Act requires banks to reinvest in low-income communities. Banks are rated for their compliance with this Federal Act. For further information and CRA ratings of local banks, visit: <http://www.ffiec.gov/cra/about.htm>.

The shift away from collaborations with refugee-rich organizations such as Mutual Assistance Associations and local affiliates of national Voluntary Agencies and towards financial institutions and business development service providers seems primarily driven by the enhanced confidence and experience of agency personnel. As agencies have developed reputations for effective service there is less need for referrals from refugee service agencies and more need for access to capital. For most agencies, banks are the most readily available resource for that capital.

Business Financing

It is not entirely clear if the expansion of lending services among funded agencies is driven by the strategic goals of the agencies themselves to achieve scale, or because of the greater capital needs of their refugee client base. We suspect that the answer includes a bit of both.

Five years ago we reported that the amount of financing needed for refugee microenterprise programs was less than anticipated. Although agencies still see many refugee families and communities who have financial resources that they are willing to invest in businesses, nearly all agencies with ORR loan funds have made use of that resource—and of any funds that they were able to leverage from other sources, such as banks. A total of \$6.6 million has been lent to refugee microentrepreneurs through the ORR funded programs since 1991; over 40 percent of that money was lent in the last two years of this 11 year period.

The increased interest in business financing among refugees may be due to two factors. First, the ethnicity of the refugee community itself has changed significantly over the years. In the early years of the ORR program, the majority of refugee entrepreneurs were Southeast Asians who could often rely on very large extended families for financing—and who may have arrived in the U.S. with substantial undeclared assets. Now, increasing numbers of refugees are from Africa, Eastern Europe, or the Middle East. They have less extensive family networks and fewer assets. The few Southeast Asians who are recent arrivals to the U.S.—primarily Vietnamese—are authentically poor due to long-term imprisonment and discrimination, and they have few of the “connections” that earlier arriving Vietnamese refugees had. These are groups that lack capital and need business financing.

A second factor is that it simply costs more to start a business today than it did five or ten years ago, and the cost of operating a business is also substantially higher. In 1991, a microenterprise was defined as a business with capitalization needs of under \$25,000. Now, the ceiling has been raised to \$35,000, a ceiling that may still be too low. Many refugees borrow the maximum amount they can from agencies to leverage their own savings or informal loans from family members.

With the increased emphasis on lending among funded agencies has come greater interest in effective credit scoring, collections, and portfolio management systems and processes. Nearly all agencies use some form of credit scoring and rely heavily on credit reports and scores when underwriting loan applications. One agency, NYANA, located in New York City, has even started a for-profit collection agency.

The very idea of scoring refugee credit and relying on credit report information causes tension in many agencies as they try and balance their mission of serving low-income entrepreneurs with their fiduciary responsibilities to their organizations and funders. These agencies want to make capital available—but they must be able to get it back. For example, one agency had put out too much money too quickly without sufficient due diligence. Too high a percentage of their loan portfolio was at risk, putting the agency in jeopardy. The board had to intervene and develop strategies to assure the viability of the portfolio.

A number of agencies have met this challenge by designing a variety of loan products that range from very small loans—as little as \$300—to substantially higher loans of \$25,000 or more. Smaller loans are referred to as “step loans” and serve as learning opportunities for both the refugee and lending agency. Agencies hope that the refugee borrower will “graduate” to accessing larger loans as her business grows and succeeds.

The problem that agencies confront as they diversify their loan products is the high transaction cost associated with such smaller loans. As Tam Duc Nguyen of the Vietnamese Association of Illinois says, “It costs as much to lend \$5,000 as it does \$25,000. The only value is that the amount you risk is less.”

As agencies expand lending operations, they have become much more cognizant of risk. This is somewhat mitigated by the very low default rates among refugee borrowers and the greater emphasis on the provision of technical assistance by practitioners.

These two factors—low default rates and comprehensive technical assistance—are “selling points” for agencies that seek loan loss reserve agreements and other loan fund resources from financial institutions. Five years ago these agreements and resources were relatively new strategies. Today, nearly every funded agency has or is seeking a bank partner.

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Administrative Capacities and Practices

Some of the ORR-funded microenterprise programs have grown substantially. Several have added Individual Development Account (IDA) programs. Some have become SBA Microloan Intermediaries. In at least one case, Jewish Family Services in Columbus, Ohio, the budget of the economic development department now exceeds the total agency budget at the time it received the refugee microenterprise grant.

At the same time, many programs continue to be small operations housed within small agencies. The agencies have minimal resources to devote to MIS, personnel, and administrative systems. A few agencies continue to struggle with start-up issues that should have been resolved years ago, such as board development or the managerial rigidity of its founders and leaders. On balance, however, administrative practices have grown substantially better. Case records have improved, business plans are more useful and serve as realistic guides to operations, loan decisions are better supported, and program data is much more complete.

The overarching issue of the future for microenterprise agencies is how to achieve scale, that is, how to develop microenterprise operations that reach the largest number of clients at costs that can be recovered through program, service, and funding diversity. At present, the main strategy seems to focus on becoming something like the old community banks that existed in most American towns and neighborhoods during the 1960s. Some agencies are exploring the option of offering consumer financial products or developing more comprehensive and competitive services for fees.

While the microenterprise and community development field is rightly concerned with increasing scale and impact, there are fundamental questions of industry structure, supportive infrastructure, and specialization that have not been discerned. Debate about how the field should be re-tooling along these lines needs to begin, and alternatives to more incremental approaches, such as demonstration and replication of best practices, ought to be considered. We are hopeful that our next five year report will include a few lessons learned drawn from the experiences of these agencies.

Target Population

As was the case five years ago, all funded agencies consider refugees and asylees as their primary customer base for program services. The main difference now is that there are far fewer agencies that specifically target a single ethnic or national group, preferring instead to serve the broadest array of ethnicities as possible. This change is due partly to business reasons, that is, as agencies have grown in size and strategically plan for growth, they have needed to cast as wide a marketing and outreach net as possible for eligible clients. Another prime factor has been their realization that many refugees have some capacity to speak and understand English, and that all refugee entrepreneurs speak and understand the language of money. Now, virtually any refugee from any ethnic group is able to receive technically and culturally competent services from any of the funded grantees.

Said NYANA's Yanki Tshering:

The typical refugee client continues to be our favorite. They start what are really family businesses, with one spouse in full-time employment so that the family has health insurance and at least one source of "reliable" income. But everyone in the family helps out with the business and is willing to put in long hours. The credit needs of these refugee entrepreneurs is usually between \$5,000 to \$35,000, and they usually need it within two to three years after coming to the U.S. These families almost always double their household income after starting a business, and most of the businesses generate \$2,000-\$5,000 per month towards the household income.

In summary, the target population of funded agencies has become as diverse as their operations have as a whole. Many grantees have funding from other sources that allow them to serve non-refugee populations. They are able to serve virtually any person interested in microenterprise or small business development. As D.A. Tran said,

Our first target population was refugees, political asylees and victims of trafficking. Then, with the onset of welfare reform in 1999, we added welfare recipients as a target' and we're aggressively seeking funds from private foundations so that we can serve any underserved population.

Types of Businesses Developed

Nearly every conceivable business type has been helped. These microenterprises have ranged from small farming operations in California's Central Valley to a software development firm in Florida's Little Haiti. Truckers, babysitters, retailers, taxi drivers, hot dog vendors, restaurateurs, piano teachers, and music producers represent examples of the refugee entrepreneurs who have been nurtured and guided by agency staff.

Five years ago we reported that at least five business types were problematic: multi-level marketing schemes, home sewing businesses, import-export, franchising, and swap meets. Our view has been confirmed about three of them. The refugee microenterprise agencies learned to be cautious about multi-level marketing schemes, and few agencies will work with businesses of that type. Home sewing businesses remain problematic because they can be and perhaps are inherently exploitive of workers. Finally Import-Export are simply too complex, and the risks too difficult to ascertain, to provide much allowance for technical assistance by agency staff. Then too, there is a worry about money leaving the community and not being reinvested locally.

We still see franchising as somewhat problematic. At one level, we understand and appreciate the franchise concept that fosters a business structure, provides marketing resources and access to customers, and that provides knowledgeable guidance about pricing. In some small businesses, such as Dollar Stores, carpet cleaning businesses, and Convenience Markets, refugees can and do benefit from tried and true business formulas. In Rochester New York, Marijana Abobovic, former Director of WORC's microenterprise project reports that her Bosnian clients have benefited from buying into a franchise. "We have one client," she reports, "who has done very well as a representative for Pergo, a flooring franchise. The refugee was able to take his considerable carpentry experience and that combined with help from Pergo, gave him a successful business."

On the other hand, for some cleaning or janitorial services, the track record for success is far more mixed. "We've tried two different cleaning franchisers," said Steve Bob. "One was a disaster and one may be working out, but it is still too early to tell. But we keep looking at them," he continued, "because our clients see these businesses as desirable and that cleaning, which occurs mostly at night, allows them to keep their day jobs. What I tell other program operators is to look very closely before financing one of these businesses." We continue to be concerned that many janitorial franchises are, in reality, not independent businesses at all. The so-called owners (or franchises) are essentially in an employee relationship with the "franchisor" who holds all of the work contracts.²⁴

²⁴ See "Distinguishing Between Businesses and Non-businesses: The Distinction Between Independent Contractors and Employees" on ISED's website: <http://www.ised.org>.

Swap meets hold more promise. Sean Carpenter, of IRC, echoes several other microenterprise providers when he says, “I like swap meets. They are a good first step for many refugees, and the swap meet environment is one that many of our clients are comfortable with. It’s a low risk venture for both the refugee and for us.” In fact, swap meets often help agencies get to know clients better, and a few of them have designed very small loan products specifically for the “tailgate” vendor. These loans help the refugee entrepreneur purchase inventory and gather business experience. Agencies benefit by reducing their risks—due to the small size of loans—and by helping boost family income. “Patching” business earnings with a spouse’s wage income is a common practice among many refugee families.

Start-Up Time.



We reported five years ago that many agencies experienced a slow start-up while they hired staff and developed projects. Slow start-up time, then as now, remains problematic, since much funding is in relatively short cycles and “hard” outcomes for business starts, expansions, and jobs created often are not realized until the second half of three-year funding periods.

A key finding in reducing start-up time is how the experience and skills of staff contribute. Staff with business savvy and an entrepreneurial orientation seem to cut start-up time significantly and respond to newly funded initiatives quickly. Staff with backgrounds in non-business areas seem to require much more time.

“On the other hand,” said Inna Kinney, MED Director of Columbus Ohio’s Jewish Family Services, “We’re always in the start-up phase because we’re always trying out new products, new services, and trying to satisfy new funders. Continually “starting up” is just a way of life for programs like ours.”

Technical Assistance to the Programs

One of the instructive experiences of ORR’s initiative has been providing technical assistance to the grantees to assist them in developing effective refugee microenterprise programs in the shortest period of time, as well as in finding solutions to problems that arise during program start-up and growth. The technical assistance made available to grantees from ORR has included site visits, twice-a-year training workshops that address various aspects of program operation and management and which foster sharing among agencies, and publication and dissemination of various tools and papers. One of the workshops each year is held in conjunction with the annual conference of the Association for Enterprise Opportunity (AEO), the national microenterprise trade association. This creates the opportunity for microenterprise organizations to participate in a national training conference and to link into the broader network of microenterprise development organizations.



Technical assistance (TA) visits to individual grantees, usually one each year, provide agency personnel with the chance to brainstorm program challenges and opportunities, learn what other agencies are doing, and to inform the thinking of the visiting consultants as the consultants compared various modes of operation among the funded agencies. Today, there is much less apprehension among grantees about site visits, since they now have five or more years of experience with the TA providers. Early in the ORR program, these visits were sometimes viewed as “monitoring” or “evaluation” visits. The TA providers have now built a trusting relationship with the grantees and the grantees have accepted the TA provider as a “friendly outsider” whose interests are focused on making programs work better.

The quality of the interaction among ORR project managers, the technical assistance provider, and the grantees has been crucial to this objective. Mike Salem, the MED Director for Church World Services in Miami, summarized the effectiveness of ORR’s technical assistance program by saying, “Our program was foundering until we received a technical assistance visit. The visit helped us jump start the program. We learned to set up a program design that wasn’t dependent on any single person. When we lost staff, we were able to fill the gap with a new staff who had standards and procedures to follow and could hit the ground running.”

The technical assistance takes several other forms. Telephone consultation is provided as needed. A listserv facilitates discussion among grantees—and requests for resources from other agencies as each program faces new issues. Grantees are encouraged to call the technical assistance providers whenever they want help in thinking about programs or problems. Monthly conference calls among grantees facilitated by TA providers have become a part of the technical assistance process.

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Today, few agencies fail to avail themselves of the technical assistance. The TA provider’s main difficulty is finding time in the schedule to meet all of the requests for assistance. Agencies seem to know that the technical assistance shortens the learning curve for new staff, keeps experienced staff abreast of current trends and ideas in the industry, and mitigates the sense of isolation the microenterprise staff often feel.

The main challenge in the provision of technical assistance today is the diversity of experience among the grantees. Some grantees are new or relatively new, while others are now very sophisticated operations and need help solving complex problems or responding to significant opportunities such as CDFI certification or facilitation of a comprehensive relationship between the agency and a financial institution.

Most agencies now use management information systems to track and report client outcomes and compliance with funding criteria. Technical assistance has been provided to the organizations as they have learned, with varying degrees of success, how to manage and use the information that comes into their operations. The data emerging from these organizations is comprehensively ana-



lyzed and reviewed and then passed back to them to help guide and evaluate their operations. While the agencies have grown in MIS proficiency and expertise, there is still substantial work to be done in this area.

On balance, the provision of technical assistance has helped organizations think systematically about their operations, to compare what they are doing against national standards for microenterprise program operation, and to proactively engage the great issues of the field: achieving scale and program sustainability, and diversifying funding so as not to be dependent exclusively on ORR funding.

VI. CONCLUSIONS

It was an exceptional group of agencies that accepted the challenge of this program. Microenterprise development is difficult under the best of circumstances. Few of the nearly 500 microenterprise programs in the country focus exclusively, or even primarily, on low-income clientele, but that is what these agencies did. Furthermore, they served persons who had been uprooted because of political turmoil in their native countries and whose lives were profoundly changed as a result. Many of these refugees had left behind family and virtually everything they possessed. They were relocated to a country whose language and culture were unfamiliar. Yet the achievement of these programs compare favorably with those of programs that serve mainstream Americans. Given the challenges faced by the population they were serving, these achievements are indeed remarkable.

The agencies were exceptional in other ways. They were willing to enter into a learning process that exposed their programs and agencies to a level of scrutiny—by ORR staff, technical assistance providers, and other program operators—that is unusual in any field. Yet they entered this learning process with excitement and commitment, willing to share problems and exchange information and ideas. They taught each other and they learned from each other.

Finally, these grantees showed an exceptional commitment to helping refugees improve their lives. They redesigned their programs, and they were flexible within their program designs to assure that they were responsive to the needs of the people who dreamed of owning a business. They made themselves available to their participants. They struggled over barriers with the business owners, and they celebrated every business success. Their dedication and will to succeed—combined with that of the refugees with whom they worked—resulted in the fulfillment of many dreams and the opportunity for many refugees to share their talents and live productive lives in the society that is now their home.

ORR Refugee Microenterprise Program Grantees by Agency Classification

Grantee	City	State	91	92	94	95	97	98	00
Community Action Agencies									
Fresno County Economic Opportunity Comm.	Fresno	CA			x		x	o	x
State of Wisconsin	Statewide	WI				o		o	o
Lincoln Action Program	Lincoln	NE							x
Mutual Assistance Associations									
Center for Southeast Asian Refugee Resettlement	San Francisco	CA	x						
Chinatown Manpower Project	New York	NY					x		
Economic and Employment Development Center	Los Angeles	CA	x		x		x		x
International Refugee Center of Oregon Econ. Dev.	Portland	OR	x						
Social and Cultural RDI	Houston	TX							x
Vietnamese Association of Illinois	Chicago	IL							x
Microenterprise Development Organizations									
Coastal Enterprises, Inc.	Wiscasset	ME	x				x		
Institute for Social and Econ. Dev.	Coralville	IA	x		x				x
Women's Self-Employment Project	Chicago	IL		o					
Merced County Microenterprise Dev. Project	Merced	CA		o					
Women Venture	St. Paul	MN			x				
Worker Ownership Resource Center	Rochester	NY				o		o	x
Voluntary Agency Affiliates									
Church Avenue Merchants Block Assoc.	New York	NY	x		x				
International Inst. Of the East Bay ¹	Oakland	CA							
Pacific Gateway Center (formerly Immigrant Center)	Honolulu	HI		o					x
Lutheran Children & Family Svc. of Eastern PA	Philadelphia	PA		o		o			
Jewish Vocational Service	Boston	MA		o		o		o	
Ethiopian Community Dev. Council	Arlington	VA		o			x		x
Jewish Family & Vocational Service	Louisville	KY				o		o	x
Jewish Family & Voc. Service of Middlesex County	Edison	NJ					x		
New York Association of New Americans	New York	NY					x		x
Church World Service, Sacramento MAP	Sacramento	CA						o	x
International Institute of Metro. St. Louis	St. Louis	MO							x
World Relief	Nashville	TN							x
Church World Service	Miami	FL							x
International Rescue Committee	San Diego	CA							x
Jewish Vocational Service	Columbus	OH							x
Alliance for African Assistance	San Diego	CA							x
Other²									
Interim Community Development Assoc. & Cascadia	Seattle	WA		o					
Institute for Cooperative Community Dev.	Manchester	NH			x				
Self Help Community Credit Union	Charlotte	NC						o	
Mercy Corps International	Portland	OR						o	x
Initial year of grant period indicated by "x" or "o" with entire period shaded									
x = ORR Refugee Microenterprise Program									
o = ORR Targeted Assistance Discretionary Grant Program									
Data Source: Department of Health and Human Services, Office of Refugee Resettlement									

¹ This agency returned their grant to ORR.

² The Interim Community Development Association and Institute for Cooperative Community Development did not operate their programs through the end of the grant cycle, nor did they submit any data. The Self Help Community Credit Union of Charlotte, NC, was funded in the 1998 grant cycle yet this program was never fully implemented.