

FIELD

**Microenterprise Fund For Innovation, Effectiveness,
Learning and Dissemination**



Microenterprise in the Changing Economy

Elaine Edgcomb

October 2009

© The Aspen Institute

www.fieldus.org

Downsizing

Emerging niche markets

Outsourcing

Declining rural economies

Loss of "middle class" jobs

Balancing work and family

Why Microenterprise?

More contingency work

Changes in the safety net

Growth in immigration

An aging population

Demand, originations and expected demand

Increasing:	4 th qtr (n = 22)	1 st qtr (n=11)	2 nd qtr (n=20)
Demand	77%	73%	80%
Originations	67%	42%	50%
Expected Demand	95%	92%	80%



Delinquency, workouts, loan extensions

Increased:	4 th Qtr	1 st Qtr	2 nd Qtr
Delinquency	50%	50%	45%
Workouts	68%	58%	45%
Loan Extensions	73%	58%	65%

©FIELD - The Aspen Institute

Source: OFN, *CDFI Market Conditions Report, Second Quarter 2009 (Sept 2009)*, 23



Capital access, liquidity and capital constraint

	4 th Qtr	1 st Qtr	2 nd Qtr
Decreased:			
Ability to access capital	32%	13%	27%
Capital liquidity	45%	25%	55%
Increased:			
Debt and/or equity constraint	41%	50%	45%

©FIELD - The Aspen Institute

Source: OFN, *CDFI Market Conditions Report, Second Quarter 2009 (Sept 2009)*, 23



One line of response:
addressing client credit challenges

- Credit building loans
- Financial literacy training/
credit counseling
- Reporting to credit bureaus



**Justine Petersen's
Credit Building
Academy**

Personal Credit Report Review

Credit Building Consultation and Planning

Access to Credit Building Financial Products:

- Justine Petersen's Credit Builder Loan
- Secured Credit Cards
- Credit Building Loans

Assistance with:

- Establishing a bank account
- Budgeting
- Disputing Errors on the Credit Report
- Negotiating Settlements with Creditors

Financial Education Classes

Individual Development Accounts
a savings program

Monthly Credit Builder Newsletter
with tips on managing good credit

Credit approval for secured card product is assured as long as you have not had any bankruptcy in the past 24 months and there are no reports of fraud in your credit history. You must also open a savings account to secure the card.



A second line of response:
**Entrepreneurship
Development
Systems**



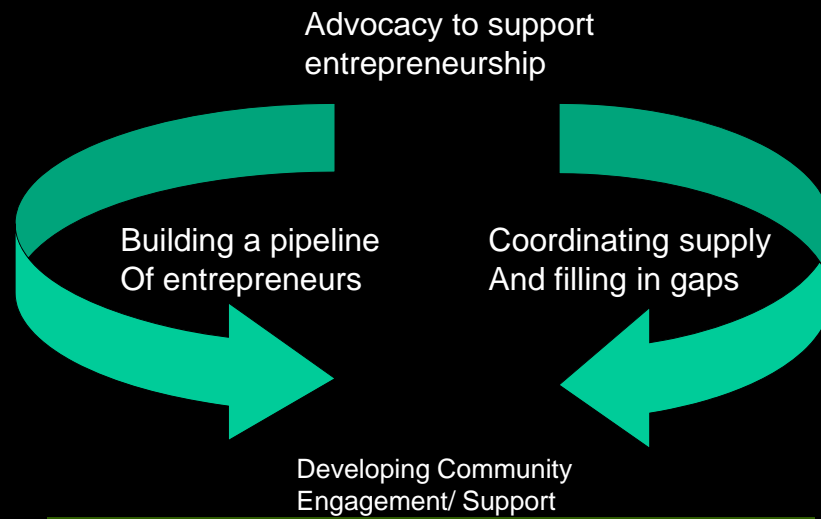
“An effective entrepreneurship development system integrates a wide range of programs and tailors products and services to meet the diverse needs of entrepreneurs. It should be comprehensive, flexible, culturally sensitive, and integrated, and should require providers to collaborate rather than operate independently or in isolation.”^[1]

[1] Brian Dabson, “Fostering Entrepreneurship Development Systems in Rural America: First Review of the Results of the Request for Proposals,” report to the W.K. Kellogg Foundation, CFED and the Rural Policy

Research Institute (RUPRI), January 2005, 3.



Entrepreneurship Development Systems



©FIELD - The Aspen Institute



Five Key Components

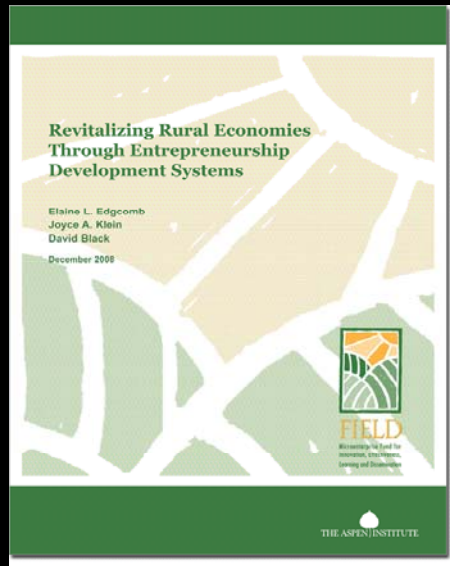
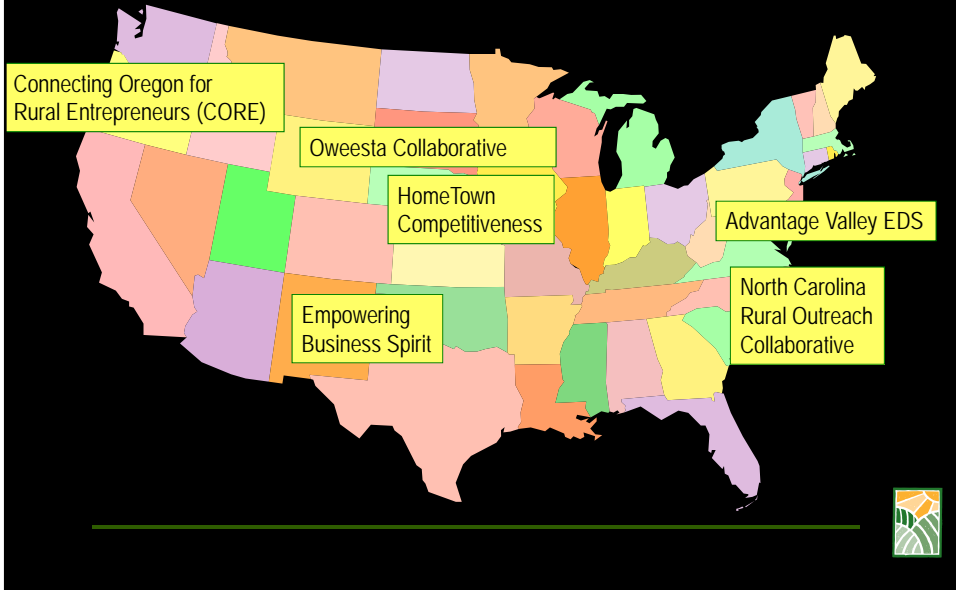


- Entrepreneurship Education
- Adult entrepreneurship training and technical assistance
- Access to capital
- Access to networks
- Entrepreneurial culture

©FIELD - The Aspen Institute



The Demonstrations



<http://fieldus.org/Publications/EDS2008.html>

Policy Goals



- Expand existing infrastructure of community-based microenterprise programs
- Implement policies that expand access to private markets and sources of capital
- Craft tax policies that aid emerging entrepreneurs
- Enable low-income individuals to use entrepreneurship as a path out of poverty
- Provide access to affordable health care

