



**Carleton Centre for Community Innovation (3ci)**  
**Carleton University**

## **Evaluating the social impact of the OCLF/Alterna Community Micro Loan Program:**

*Findings from the testing of a SROI matrix*

Michele Tarsilla  
Evaluator  
Carleton Centre for Community Innovation  
May 29, 2009

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# **Executive Summary**

## **Findings from Sample Survey of OCLF Social Return on Investment**

- OCLF was able to provide access to credit for training loan and small business loan borrowers who had previously been unable to access credit. 50% of the training loans borrowers contacted on average 2.6 financial institutions and had received a loan from none prior to OCLF engagement. 60% of the borrowers who received a small business loan from OCLF had contacted on average 2.7 financial institutions before approaching Alterna and only 20% among them have received a loan.
- Training loan borrowers found a job in less than three weeks (average of 19 days – 2.8 weeks) and 80% of them are currently full-time employed.
- As a result of the employment received upon the completion the training, training loan borrowers recorded an average income increase of \$24,375 with an average annual income of \$49,583.
- One hundred percent (100%) of small business loan borrowers in the sample stated that they had experienced an income increase. The average income increase among the small business loan borrowers was of \$5,000 with an average annual income of \$46,500.
- Among the small business loan borrowers, those hiring employees (2 out of 5) did hire an average of 9 employees – an average of 3 full-time and 6 part-time.
- OCLF borrowers on average referred 2 people to the program. These borrowers acknowledged that OCLF/Alterna represented the only financial institution willing to fund either their training or business idea.
- 80% of respondents (both training loan and small business loan borrowers) acknowledged that the loan had a positive impact on the socio-economic status of their family. 20% of the respondents who rented before the program ended up buying their home as a result of the increased income.

- The OCLF micro loan program contributed to getting this sample of borrowers partially or completely off welfare assistance programs. In addition, the increased incomes of borrowers contributes to higher tax revenue.

### **Recommendations for Survey Implementation**

- Response rates via telephone interview were low for a number of reasons detailed in the report. Follow up surveys need to be conducted no later than 12 months after the loan is obtained.
- The survey can be conducted via the Internet, though some control sample surveys would need to be conducted in person or by telephone to verify the accuracy of the Internet survey. These additional surveys should be conducted by an impartial third party.
- Many of the questions asked can be generated from data already collected by Alterna and automatically recorded in the survey matrix.
- Several questions in the SROI survey have been revised for future use. The template surveys are included in the appendix.

## **Introduction**

Seven years into the implementation of the Micro Loan Program<sup>1</sup>, the Ottawa Community Loan Fund (OCLF) recognizes the need for strengthening their current evaluation of the social return on investment (SROI) of its program. OCLF is specifically interested in evaluating more systematically the social impact produced by its micro loan program in order to achieve two main objectives. First, being more accountable to both the donors and the public opinion whose expectation of success and tangible results has been growing exponentially over the last few years. Second, advocating with municipal and provincial policy makers on the value-for-money and effectiveness of its microloan approach in order to receive stronger institutional support towards the scaling up of the program in the near future.

As a result, OCLF is no longer interested in funding external evaluations of its activities and program, as in the past, but it rather aims for its own staff's direct involvement in the systematic collection, analysis and dissemination of outcome- and impact-related data (Mc David & Hawthorn, 2006). The assumption underlying such new orientation is that an internally driven and implemented evaluation (rather than the recruitment of an external consultant) will be more beneficial to the future of OCLF organizational effectiveness. First, a more invested staff participation in the evaluation of the micro loan program will allow OCLF as a whole to step back and reflect upon the strengths and challenges of its day-to-day work, thus contributing to an improvement of the program (Kaufman, 2005). Second, by strengthening its evaluation capacity, OCLF will inform its new strategies and decision-making on the evidence available. Conducting a participatory impact evaluation from within the organization would also benefit from the following three OCLF comparative advantages: 1) OCLF's program historical memory 2) OCLF's deep understanding of economic development issues 3) OCLF's familiarity with its program clients.

Aiming to enhance such “evaluative culture” within the organization, OCLF approached the Carleton Centre for Community Innovation at Carleton University for technical assistance in early 2009. More precisely, the OCLF President (George Brown) requested that the Centre provide them with an evaluation matrix (user-friendly and sustainable) which would allow them, through the tracking of

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<sup>1</sup> Although its partnership with Alterna Savings started in 2005 only, OCLF has been involved in microloan program since 2002).

micro loan borrowers over time, to collect valuable data on both the social outcomes and impact(s) generated by the micro loan program.

## **Background**

In Canada, provincial governments overall have supported micro credit programs by guaranteeing the loans in case of borrowers' insolvency. The province of Ontario is an exception to the rule. Micro loan programs there are not guaranteed by the provincial government and, as a result, current lenders are strongly discouraged from scaling up their programs and serving a larger number of clients. Despite the lack of governmental support, micro credit has been able to develop across the province. The micro loan program resulting from the cooperation between Alterna Savings (a credit union based in both Ottawa and Toronto) and the Ottawa Community Loan Fund (a large non-profit organization based in Ottawa) is a perfect example of that (Carman & Fredericks, 2008). Consistent with its Corporate Social Responsibility policy, Alterna Savings has been able to demonstrate that financial viability could be achieved along with the pursuit of social and environmental benefits for the local community (consistent with the currently dominant discourses on blended value and triple bottom line) (Clark et al, 2004).

The way the partnership between Alterna and OCLF works is quite straightforward and is mostly based upon a two-pronged strategy. On the one hand, capitalizing on its familiarity with community development work and building on its partnerships with other local organizations, OCLF first identifies groups within the community who, in light of their characteristics and financial needs, are likely to greatly benefit from the program (i.e., young entrepreneurs needing capital to start up a small business or new Canadians interested in borrowing money to cover the costs of a training program which would allow them to gain professional accreditation in Canada). On the other hand, Alterna Savings, as part of its Corporate Social Responsibility program, provides the loans to those members from the local community who, despite their low credit rating or no credit history at all (e.g. New Canadians), have a convincing business plan and possess a fairly good technical capacity. In exchange for the loan, borrowers pay Alterna an interest rate equal to 6% above the prime rate.

Likewise, as OCLF guarantees 80% of the loan in case of insolvency, borrowers pay the organization an administrative fee variable between CAD\$250.00 and \$350.00 (Alterna Savings, 2009).

## **Methodology**

Firmly grounded on a participatory approach, the development of the evaluation matrix consisted of the following five phases:

- 1) Prior to the drafting of the matrix, the following stakeholder interviews were conducted to identify the scope of the evaluation matrix (i.e., main evaluation questions, information needs, envisaged use of the data generated through the evaluation):
  - Six in-depth interviews with the OCLF and Alterna Savings staff involved in the micro loan program and
  - Three in-depth interviews with Carleton University faculty members specialized in community economic development and social return on investments.
- 2) Based on the findings of the in-depth interviews, the researcher conducted a document review including online, academic and ‘grey’ literature available on the evaluation of community economic development programs (Knight Foundation, 2000). In doing so, a preliminary set of outcome and impact indicators was identified (e.g., employment, barriers to credit, welfare assistance) and included in the first draft of the evaluation matrix (Deininger & Liu, 2009).
- 3) Once the indicators had been identified, the first draft of the matrix was submitted to both the OCLF Director and the assignment supervisor at Carleton University. Based on their feedback, the matrix was simplified and then tested with a sample of microloan borrowers.
- 4) Of the total of 32 micro loan borrowers (purposive sampling) contacted over the phone between May 5 and May 23 (please see the detailed progress monitoring form in Appendix IV), 15 respondents (a response rate of 47%) agreed to participate in the testing of the matrix. Respondents were asked to answer a variable number of questions (between 40 and 50 depending on whether they had received a training or small business loans) on the impact which the loan had on their socio-economic status. Based on the most widely recognized research ethic principles, the interviewer had informed respondents that they were free not to

- 5) respond to some of the questions which they did not feel comfortable with. Respondents were also informed upfront that all their responses would be kept confidential and anonymous.
- 6) Based on the findings generated by the testing, the wording of some questions was reviewed and the evaluation matrix was further simplified for future use. This included the removal of some questions (see the column highlighted in grey in the attached matrix).

## **The OCLF Evaluation Matrix: overall presentation and rationale for the questions asked**

The OCLF evaluation matrix aims to assess the program's impact at the following three levels:

- 1) Micro-level: the matrix attempts to evaluate the impact produced by the program on the socio-economic status of both the borrowers and their households (Ashe, 1999).
- 2) Meso-level: far from focusing on the micro loan end-users only, the matrix is also focused on evaluating the program's impact on OCLF and Alterna Savings themselves, with respect mainly to any change in reputation and brand differentiation within the community or customer loyalty.
- 3) Macro-level: through its focus on social return on investment, the matrix also evaluates the impact generated by the program on the both the revenues and expenses of the city of Ottawa and the province on Ontario (i.e., by estimating the change in borrowers' social assistance benefits and taxable income).

Based on this evaluation strategy and building on the findings from both the stakeholders interviews and literature review, a semi-structured survey instrument (Alrec & Settle, 2004) (Fink, 2009) (Fowler, 2002) was developed to capture the program's impact on each of the three major stakeholders' groups identified above (micro loan borrowers, OCLF/Alterna, policy makers). In designing the survey, special emphasis was placed on the limitation of the time constraints, respondent burden and data collection costs associated with the administration of the tool.

As a semi-structured questionnaire, most of the questions included in the survey were close-ended (Groves, 2004). However, as qualitative information was deemed instrumental to gaining a better understanding of the program as well as identifying the program's unexpected impact(s), 3 open-

ended questions were included at the end of the survey. As OCLF has been providing 4 different types of micro loans over the years (CYBF, Small Business, ITTFI and Training Loan), the original survey design envisaged that all respondents be asked the same set of questions, except for the section on income and employment (in this case, 10 different questions were asked to borrowers depending on whether they had received a small business or training loan). Although the distinction between small business and training loan borrowers made sense (Industry Canada, 2000), it turned out not to be practical to include two different sets of questions in one survey only. Therefore, for the sake of practicality, two different surveys were developed. In doing so, the wording of questions in each of the two surveys ended up being better tailored to the distinct needs and characteristics of the training and small business owners without compromising the comparability of the information provided by the two tools.

## **Summary of findings**

The following sections discuss the testing of the survey questions with a small sample of 15 respondents to gauge the three impact levels identified above (micro, meso and macro) and provides recommendations on how to enhance the use of the survey in the future. In doing so, some of the program's impact(s) will also be discussed briefly (see the attached excel spreadsheet for full survey results).

### ***Background Info***

The first section of the survey included the following demographic and process-related questions:

- *What is your gender?*
- *What is your age?*
- *Where did you hear about OCLF/CYBF the first time?*
- *What was the size of the loan that you first received from OCLF/CYBF?*
- *How many loans did you receive from OCLF/CYBF?*
- *Were you able to pay the loan(s) back on time?*

As such information is already collected through the OCLF loan application form (the document is submitted by all borrowers to OCLF when they request their first loan), the questions above are redundant and it is not recommended that they be included in the survey in the future. The OCLF/Alterna Savings micro loan program coordinator might want to locate the background info in the original loan application (Alterna Savings, 2009) form and enter the corresponding data directly into the evaluation matrix.

While OCLF program staff could easily calculate the average age or gender distribution of borrower, a cursory look at the average loan size seems particularly interesting (please see the Tables I and II). Based on the data collected through the survey, the majority of loans provided by OCLF and Alterna Savings in Ottawa, for instance, consist of training loans<sup>2</sup> and their average value (\$6,374) is almost half than the one of the small business loans (\$11,250).

**Table I**

Loan size (Training Loans)	
<b>Borrower 1</b>	\$3,750
<b>Borrower 2</b>	\$5,546
<b>Borrower 3</b>	\$5,396
<b>Borrower 4</b>	\$9,850
<b>Borrower 5</b>	\$6,811
<b>Borrower 6</b>	\$5,245
<b>Borrower 7</b>	\$6,061
<b>Borrower 8</b>	\$9,500
<b>Borrower 9</b>	\$4,636
<b>Borrower 10</b>	\$6,946
<b>Average loan size</b>	<b>\$6,374</b>

*Source:* SROI Matrix Testing, 2009

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<sup>2</sup> That is also well reflected in the sample: 2/3 of respondents were training loan borrowers.

**Table II**

Loan size (Small Business loans)	
<b>Borrower 1</b>	\$10,500
<b>Borrower 2</b>	\$7,500
<b>Borrower 3</b>	\$8,250
<b>Borrower 4</b>	\$15,000
<b>Borrower 5</b>	\$15,000
<b>Average loan size</b>	<b>\$11,250</b>

*Source:* SROI Matrix Testing, 2009

### ***Repayment rate***

This process-related section of the survey (Bhatt & Tang, 2002) included the following two questions:

- *If you were able to pay back on time, how long did it take you?*
- *If you were not able to pay the loan back on time, how long did it take you to do so?*

The two questions above do not seem relevant to the SROI survey as the repayment rate is already monitored by the OCLF/Alterna micro loan coordinator on a continued basis. As a result, instead of having two different questions on this topic, the matrix should only include a column indicating the outstanding balance for each borrower and the date by which the loan should be paid back fully (see the revised matrix and questionnaires attached). As mentioned, this column would be using information already gathered by OCLF/Alterna.

### ***Barriers to credit: the added value of the Micro Loan Program***

This section included the following questions:

- *What was the primary reason for asking a loan from OCLF/CYBF?*
- *Before OCLF/CYBF, did you seek a loan from other institutions?*
- *If yes, how many institutions did you contact?*
- *How many of such institutions did provide you a loan?*

Although the evaluation did not include a comparison group (for this purpose, those loan applicants whose requests are rejected by OCLF/Alterna might want to be tracked in the future), some evidence exists that the community micro loan program is the only program of its kind in Ottawa. Based on the responses to the survey, 50% of the training loans borrowers contacted on average 2.6 financial institutions and had received a loan from none. The OCLF program's contribution to the removal of participants' barriers to credit access appears to be just as large in the case of the small business loans borrowers (60% of the borrowers who received a small business loan had contacted on average 2.7 financial institutions before approaching Alterna and only 20% among them have received a loan).

Based on such findings, it could be stated with confidence that, without such program, borrowers would not have been capable of getting a loan anywhere else, and therefore of starting their business or the training. We could speculate that the only alternative for borrowers would have been to request a loan from such commercial institutions as Money Mart which, despite a relatively easier access to loans, entails much higher (and often prohibitive) repayment costs.

*“When I first interacted with the OCLF/Alterna staff, I did not feel judged as it had happened with the other financial institutions I contacted to get a loan. OCLF and Alterna were the first two institutions that recognized how much I was really worth it. By giving me a training loan that would allow me to get licensed in Canada,, they also acknowledged the wealth of experience and skills which I brought to this country” interview, 2009)*

### ***Relationships with Financial Institutions***

This section included the following two questions:

- *After you received your loan from OCLF/CYBF, did you open any account at some local financial institutions (e.g, savings, checking, etc.)?*
- *How many financial institutions are you currently doing business with?*

According to one of the OCLF Board members interviewed during the first phase of this evaluation, one of the microloan program's main objectives is to make borrowers "credit worthy", that is allow them to build their credit rating and, as a result of that, gain access to credit from other financial institutions in the future (be that Alterna or not). Therefore, while the question on the number of

financial institutions with which borrower are currently doing business might be relevant to assess their banking relationship and therefore their likelihood to receive credit in the future, stronger evidence on the degree of borrowers' "credit worthiness" could be collected if the following question were asked: "did you receive any loan from any financial institution after you received the OCLF loan"? (See the revised questionnaires in Appendixes I and II).

Based on the responses to the survey, small business owners tend to do business with a slightly higher number of financial institutions (1.8 financial institutions on average) than training loan borrowers (1.7 financial institutions on average).

### ***Employment***

This section included two different set of questions depending on whether the borrower had received a small business or a training loan.

#### *For Small Business owners:*

- What purpose was the OCLF/CBYF for?
- How long had you had the business for when you received the loan?
- Were you the owner of the business at the time you received the loan?
- Are you the owner of the business today?
- How many people employees do you have?
- How many full-time employees do you have?
- How many part-time employees do you have?
- Is any of your employees a family member?

#### *For training loan borrowers:*

- Did you gain a professional accreditation thanks to the training financed by the loan?
- How long did it take you to find a job after you completed the training?

- After the completion of the training financed by the loan, did you find a job in the same field as the training?
- What's your current employment status today?
- What sector are you currently working in?
- If you are unemployed, what are some of the obstacles that you are currently facing in finding a job?

Rather than concentrating on some process-related indicators (e.g. repayment rate or % of borrowers completing their training), the evaluation aimed at assessing both the outcome and the impact generated by the program to the best extent possible. As a result, the evaluation placed special emphasis on such variables as the borrowers' ability to either find a job (in the case of training loan borrowers) or generate employment through a start-up or an expansion of their business (in the case of small business loan borrowers) (Clark & Kays, 1999).

Based on the responses to the survey, training loan borrowers found a job in less than three weeks (average of 19 days – 2.8 weeks) and 80% of them are currently full-time employed. The remaining 20% were doing internship and stated that there was a 50% chance for them of being hired full-time upon the completion of their practical training. Among the small business loan borrowers, those hiring employees (2 out of 5) did hire an average of 9 employees – an average of 3 full-time and 6 part-time.

The employment rate recorded by the program is quite extraordinary. All training loan borrowers who completed training (9 out of the 10 interviewed), for instance, found a job in the same field as the training within a very short period of time. However, program administrators might have to deal with unprecedented challenges in the future. A hypothetical case, for instance, would be that of some training loan borrowers who, upon completion of their training, end up finding a job in a totally different field. In such instance, it would be particularly hard for the OCLF micro loan program administrators to demonstrate that employment is a direct outcome of the training micro loan (attribution issue) (Maine, 1999).

*“I already paid back my first loan and I have been very happy so far. My business picked up quite fast and I am already asking for a second loan to expand further”*(Interview, 2009).

### ***Increased Incomes***

This section, one the most critical and controversial (mostly due to the sensitive nature of its content) included the following questions:

#### *For Small business loan borrowers*

- Are you incorporated?
- Is your annual corporate income today different than what it was when you received the loan? If your annual corporate income today is different than what it used to be, how has it changed?
- By how much did your annual corporate income increase as a result of the loan?
- In this study, your identity will remain anonymous and your answer will be kept confidential. On that basis, could you share with me what your annual corporate income is today?
- Have the corporate income taxes you pay today increased compared with what you were paying the year you received the loan?
- Is your current job your primary source of income?
- What other business do you have?

#### *For training loan borrowers*

- Are you self-employed?
- If you are self-employed, did your annual business income change as a result of the training loan?
- If your annual business income changed, how did it change?
- By how much did your annual business income increase compared with what your annual personal income was before the training?
- In this study, your identity will remain anonymous and your answer will be kept confidential. On that basis, could you share with me what your annual business income is today?
- Are the personal income taxes you pay today higher than those you were paying the year you received the loan?

- As a result of the training loan, did your annual salary change?
- If your annual salary changed, how did it change?
- By how much did you annual salary increase compared with what your annual salary was before the training?
- In this study, your identity will remain anonymous and your answer will be kept confidential. On that basis, could you share with me what your annual salary is today?
- Are the annual personal income taxes you pay today higher than those you were paying the year you received the loan?

Whereas questions on respondents' personal income generally receive very low response rates (Bradburn & Sudman, 1979), the evaluation was able to attain a very high response rate on the income questions. That was possible as the survey asked respondents to choose one of 10 broad income categories a (e.g., respondents could choose from a large range of \$5,000 income increments rather than having to disclose their annual income increase in direct, dollar-specific terms).

One hundred percent (100%) of small business loan borrowers in the sample stated that they had experienced an income increase. The average income increase among the small business loan borrowers was of \$5,000 with an average annual income of \$46,500.

All the training loan borrowers who responded to this question (70% of the sample) recorded an income increase, too. However, the annual income increase among them was higher than among small business loan borrowers. As a result of the employment received upon the completion the training, training loan borrowers recorded an average income increase of \$24,375 with an average annual income of \$49,583.

As one of the direct consequences of increased income is the formal registration of one's own business as well as the change of enterprise location from a less conventional commercial location (such as the business owner's residence) to a recognized commercial location (such as a downtown storefront), two related questions could be included in the survey.

Training loans appear to have a significant influence on individual income levels in many cases annual income was doubled for those that obtained a training loan. While small business loans have

an impact in expanded employment opportunities in our community<sup>3</sup> and two of the five small business loan borrowers increased employment by on average 9 employees each.

### ***OCLF/Altera Corporate impact***

This section included the following questions:

- How many people did you refer to OCLF/CYBF?*
- What was the primary reason for asking a loan from OCLF/CYBF?*
- Did you receive any free business training/advice by ALTERNA/OCLF?*
- How many hours of free business training/advice did you receive from OCLF/CYBF?*
- If you did receive training through OCLF/CYBF, how useful was it to you?*

Based on the responses to the survey, each of the small business loan and training loan borrowers on average referred 2 people to the program, with the exception of one training loan borrower who stated to have referred 20 people. Regarding the primary reason for asking a loan to OCLF/CYBF, 60% of training loan and small business loan borrowers acknowledged that OCLF/Altera represented the only financial institution willing to fund either their training or business idea.

The last three questions included in the list above gauged the level of micro loan borrowers' satisfaction with the financial literacy training and advice which OCLF/Altera had provided to them. The three questions intended to generate data that would feed into the OCLF Expanded Value Added Statement (EVAS), an innovative accounting tool able to quantify the social impact (Wehrell, 2002) generated by the micro loan program (Mook et al, 2003) and not captured by OCLF's financial statement (CIBC 2004 and Bank of America 2002 Accountability Reports). Consistent with the

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<sup>3</sup> Small enterprises play a vital and evolving role in the Canadian economy by stimulating employment and fostering economic growth. In 2001, more than 1.5 million businesses in Canada were considered small or medium-sized enterprises (Report to Parliamentary Committee, 2003). Ontario and Quebec held more than half of the SME population in Canada in 2001, followed by the western provinces and Atlantic Canada. More than 80 percent of the SME population is comprised of either self-employed individuals (0 employees) or micro-businesses (1–4 employees).

EVAS methodology, the three questions attempted to specifically assign a monetary value to the hours of volunteer work provided by OCLF/Alterna staff to micro loan borrowers and which the latter had rated either useful or very useful.

*“Alterna officer was a god send. After all those times of being rejected by other financial institutions, I was able to finally make my dream come true. I work as a truck driver now. As a result of the loan, my income doubled during the first year and I am planning to buy a truck soon” (Interview, 2009).*

*“Thanks to Alterna and OCLF, I have increases the financial security of my whole family. My budget is more predictable now and I pay all my bills on a regular basis” (Interview, 2009)*

With respect to this section of the survey, the interviewer observed a certain degree of confusion in the borrowers' responses. As OCLF charges an administrative fees and Alterna expects the payment of an interest rate in exchange for the provision of the micro loan, many borrowers did not perceive that the business coaching provided by either OCLF or Alterna was free and therefore comparable to volunteer work. Whereas 30% of the respondents in the sample stated that they had received free coaching from OCLF and Alterna, only half of them had rated it either “useful” or “very useful”.

Rather than collecting this information through a questionnaire, OCLF/Alterna Savings might want to do the following in the future: 1) keep track of the hours of volunteer work (that is, work not conducted during staff regular office hours and not remunerated) provided by their staff and 2) estimate a comparative market value for the identified number of hours contributed by volunteers to the micro loan program. In calculating the value one's own time, a Board of Director member could either use his/her hourly fee as a reference value or adopt a hourly fee typical for the type of specific work carried out on a voluntary basis.

In addition, as asking borrowers what they think about the usefulness of the training risks compromising the validity and reliability of the findings (a OCLF/Alterna staff member administering the questionnaire might heavily influence borrowers' responses), two alternative strategies might want to be pursued in the future:

- having an external consultant e-mail respondents and ask them about their level of satisfaction with the business/financial literacy coaching received or

- multiplying the total value of volunteer work hours by a conservative estimate of the borrowers' satisfaction level with the business/financial literacy coaching received (i.e., 50% or lower).

In either case, when quantifying the value of the volunteer work, it is very critical that the criteria followed in making the calculations be transparent and thoroughly documented. (For more information on the EVAS tool, please visit the official website [www.volunteerscount.net](http://www.volunteerscount.net))

## **Housing**

This section included the following questions:

- *Are you living in the same place as when you received the loan?*
- *Is the place better than the one where you used to live when you asked for the loan? Did you rent or own at the time you asked for the loan?*
- *Do you rent or you own the place where you are currently living?*

Based on the responses to the survey, 20% of the respondents who rented before the program ended up buying their home as a result of the increased income.

With respect to the questions included in this section, a few observations need to be made. The question “are you living in the same place as when you received the loan”, for instance, was interpreted as “are you living in the same town or building”? Therefore, despite having moved out of their original apartments, two of the respondents in the sample answered yes to this question. In order to avoid confusion in the future, the question should be reworded as “are you living in the same home as when you received the loan?”

Likewise, when asking respondents if their current home is better than the previous one, it is advisable that the survey include an additional related question on the change (if any) in the number of rooms. During the testing of the survey, size seemed not to be a reliable indicator (a few respondents had said that a larger space is not necessarily better). However, the majority of respondents enjoying better housing as a result of the loan linked the qualitative improvement of their accommodation to its increase in size.

### **Socio-economic impact on participants and their households**

This section, located at the end of the survey, included the following open-ended questions

- *Has the loan improved the economic status of your family? If yes, in which area(s) has the loan had the greatest impact?*
- *Did the OCLF/CYBF loan have any other impact on you and your household?*

Eighty percent of respondents (both training loan and small business loan borrowers) acknowledged that the loan had a positive impact on the socio-economic status of their family (for more details, see Table III).

Training loan borrowers experienced an improvement in their recreational activities (33%) and nutrition (17%). Small business loan borrowers instead experienced an increase in their business assets, such as used truck or machinery and tools (60%).

**Table III**

<b>Training Loan Borrowers</b>	
<b>Area of major Impact</b>	<b>Number of Borrowers</b>
Recreation	4
Food and Nutrition	2
Groceries	1
Support spouse's business	1
Benefits package	1
Purchasing business assets and home appliances	1
Health	1
<b>Small Business Loans Borrowers</b>	
<b>Area of major Impact</b>	<b>Number of Borrowers</b>
Purchase of business assets (e.g.	3

used truck or vehicle and machinery and tools,)	
Sense of empowerment/general well-being	1
Rent	1

Source: SROI Matrix Testing, 2009

*“Thanks to the loan, my life changes. Alterna/OCLF support was monumental. The greatest thing is that they helped not to fall into the trap of poverty and financial dependence on government’s support” (Interview, 2009)*

*“As the loan came from two organizations (OCLF and Alterna) which are working a lot to help communities, I started looking at opportunities to get more involved in the life of my community. It is a way to give back to the community after all the improvements in my life since I have received the loan” (Interview, 2009)*

### **Social Return on Investment (SROI)**

The following section, focused on the identification of the program impact at the macro level, included the following questions:

*At the time you asked for the loan, which government assistance program were you benefiting from?*

*If you were receiving assistance, how much assistance (in dollars) were you receiving monthly?*

*Are you still benefiting from any form of assistance today? Which program provides assistance to you?*

*As of today, how much are you receiving monthly?*

*Which assistance program did you stop benefiting from?*

*How long ago did you stop benefiting from the assistance program(s) above?*

This section of the matrix builds on the earlier set of questions focused on the changes occurred in the borrowers' income as a result of the micro loan program (Rahman, 1998). Whereas most micro loan borrowers acknowledged an average increase in their annual income (Sengupta & Armstrong, 2004), the six related questions listed above demonstrate the following three program's indirect impacts on both the federal and provincial government's budget:

**First, the micro loan program contributes to getting this sample of borrowers partially or completely off welfare assistance programs.** In order to quantify the amount of money saved by the government in welfare benefits, it is necessary to do the following: 1) identify those borrowers who were benefiting from welfare assistance at the time they were asking for the loan but who are no longer benefiting from it today and 2) multiply the value of the social assistance which the borrowers are no longer benefiting from by the number of months elapsed since the last assistance check. Example: borrower A used to benefit from the Ontario Work Benefits Program (monthly support: \$680.00) at the time he/she asked for the loan but he/she stopped

benefiting from it 13 months ago. That means that the provincial government has saved approximately \$8,840 (\$680/month x 13) over the last thirteen months.

With respect to a different type of benefit program (i.e. Child Benefit supplement program), the micro loan program is also likely to contribute to government's savings. Example: in a family with only one of the parents working, the monthly child support equals \$435.00 whereas in a family with both parents working (one of the two possibly starting a business through the micro loan program), the monthly support drops to \$288.66 (Revenue Canada, 2009). Future surveys need to capture the full extent of federal/provincial social programs used by the respondent both before and after the loan period.

**-Second, by generating an increase in borrowers' annual income, the program contributes to the borrowers' payment of higher taxes** (a question in the survey explicitly asks respondents whether they are paying higher taxes as a result of their increased income). In order to quantify the amount of additional taxes paid by each borrower experiencing an income increase, it will be necessary to use the tax rates adopted by Revenue Canada as reference (for details on calculation of tax rate increases, see Appendix III). Once the borrower's annual income is known, identifying the corresponding tax rate will be quite easy. However, in order to do that, the specific tax regime applicable to each borrower needs first to be identified. To facilitate that, the surveys for training and small business loans ask respondents explicitly what their employment or registration status (employed/self-employed, incorporated/non incorporated) is.

**-Third, by promoting the start-up and expansion of small business, the program contributes to job-creation (e.g. the hiring of full-time and part-time employees).** That leads to the decrease in both the unemployment rate and the number of people benefiting from unemployment insurance and generates an increase in the amount of taxes paid by the newly recruited employees.

While the calculations suggested above (Carleton Center for Community Innovation, 2008) might focus exclusively on the benefits generated up to the time period when the data is collected, projections of benefits over a certain period of time in the future (e.g. 5 to 10 years from now) are also possible. In this case, it would be necessary to discount the yearly amount of benefits. For the purpose of this evaluation, the prime rate adopted by Alterna Savings (2.250% as of May 12, 2009) might want to be used.

While this evaluation matrix is primarily focused on the social impact generated by the OCLF microloan program, peripheral interventions might concur to the achievement of its objectives. Therefore, taking environmental factors into account might be fair when calculating the amount of government savings induced by the implementation of the OCLF micro loan program. As a result, the amount of government savings calculated earlier might want to be multiplied by an index closer to either 1 (in case of no other concurrent program) or 0 (in case of an influential program implemented nearby and influencing the OCLF program's outcome and impact).

## Challenges

One of the main challenges encountered during the testing of the matrix has been the relatively low response rate. In other words, the number of those who responded to the survey out of the total of individuals approached over the telephone (Kahn & Groves, 1979) during the data collection phase turned out to be slightly below 50% and not equal to 70%, as initially envisaged (see Box 1).

### Box 1. Response rate Guidelines

Taking into consideration both the time available for fieldwork and the importance of the survey, OCLF might want to consider using the following response rate target ranges:

- 10% to 20%: surveys for which only a short time period (less than three weeks) is available to conduct the fieldwork
- 20% to 40%: surveys of moderate to high importance that will be in the field for at least three weeks
- 40% to 60%: surveys of high importance, e.g., in terms of key policy decisions or resource allocation decisions
- 60% to 80%: Surveys with extraordinary response rate requirements and for which there are allowances for the time and budget required to achieve such high response rates

Source: *Public Works and Government Services Canada, 2008*

Based on the respondents' feedback and building on the interviewer's reflections conducted during the testing phase, the following factors were deemed responsible for driving the response rate to a lower level than initially expected:

- Most of training loan borrowers (2/3 of the interviewees in the sample) found job as truck drivers and, as a result, were not available to answer the phone while driving during the day. Those who were available on weekends were also unresponsive given the fatigue accumulated during the week on the road.
- Some of the borrowers (especially those who received the loan a few years ago) have moved to new locations and the phone number they had provided at the time they received the loan is no longer valid.
- Given that English is not the first language of several borrowers, a certain fear or reluctance to respond to the survey because of a lack of proficiency in English was perceived by the interviewer as the cause for non response in a few cases.

- If respondents were not home, the interviewer left a message either on their answering machine or with one of the borrowers' family members (see the Telephone Interview Progress Monitoring Form in Appendix IV). During the follow-up phase, the interviewer had a hard time talking directly to the respondents (often coming back from work after 10:00 pm). In addition, the interviewer perceived that family members answering the phone were particularly weary as soon as they heard the word "loan" or credit union as if Alterna or OCLF were trying to hunt one of their family members down due to insolvency or late payments (on two different occasions, family members hung up the telephone before letting the actual interviewees engage with the survey).
- Given the sensitive nature of some of the questions included in the survey (despite the interviewer mentioning the confidentiality and anonymity of the responses), some of the individuals contacted did not express their consent right away and contacted Alterna to confirm that the study was real and that it was fully endorsed by them. As establishing trust between the respondent and the interviewer is critical, Alterna/OCLF might want to introduce the study to the respondents in the future during the loan application process.
- Disclosing information about one's own income or business revenues over the phone with someone whom respondents are not necessarily familiar with is not easy. That is confirmed, for instance, by the fact that 4 of the 15 respondents in the sample (27% of the total) declined to provide any information on any income variation as a result of the loan.
- One respondent complained that Alterna had given his name to the interview without his explicit consent to do so (the respondent failed to remember that he had signed a contact info release form at the time of the loan application). It is recommended that interviewer in the future anticipate such question and adequately address any concern/comment which respondents might have on the topic of consent.

## **Recommendations for the future**

- An internet survey might prove to be the most cost-effective way to collect most of the outcome and impact related information to be included in the evaluation matrix tested for this exercise. In order to do that, the OCLF program administrators will first need to make sure that each borrower will have both an e-mail address and regular internet access (Schaefer & Dillman, 1998). If this condition is met, OCLF might want to: 1) post a survey on the internet by using one of the many

commercial web-based survey hosts available<sup>4</sup> and 2) e-mail the link to its micro loan borrowers in order for them to complete it online

- Making a phone call to the respondents before e-mailing the survey from either an OCLF or Alterna e-mail account might be useful as it will: 1) prevent borrowers from accidentally deleting the e-mail as spam and 2) enhance borrowers' commitment to engage with the survey and respond quickly.
- While internet survey might be the preferable means to administer the survey, phone or in person interviews (Patton, 1997) might still be an option for those borrowers who do not have internet access or express a specific interest in discussing the survey face-to-face (for example, during a visit to the local Alterna branch or the OCLF office). That is especially true for those borrowers whose first language is not English.
- Depending on the characteristics of micro loan borrowers over the years, it is recommended that the questionnaire be translated in French and Spanish.
- As OCLF is increasingly interested in assessing the both the outcome and impact of its microloan program, it is recommended that the borrowers to be interviewed have received the loan at least a year before the interview take places. It could be argued that training loan borrowers might be interviewed earlier than that, given the generally short time elapsed between the completion of the training and their getting a new job. However, as it takes some time before borrowers experience a steady increase in income and a general improvement of their socio-economic status, it would be preferable to wait until 12 months after the loan approval date before conducting the interviews with borrowers.
- Given the need for showing the program results to both funders and policy-makers, an alternative strategy would be to start interviewing borrowers 3 months after the completion of the program (in the case of the training loan borrowers) or 9 months after the loan approval date (in the case of small business loan borrowers). The interview conducted at such an early stage would be the first one of a series of interviews to be conducted over a longer period of time (longitudinal study). For

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<sup>4</sup> Online survey vendors include the following: coolsurvey.com, surveymonkey.com, instantsurvey.com, zoomerang.com, statpac.com, inquisite.com, infopolis.com, raosoft.com, surveysystem.com, surveygold.com, suverytrends.com (Ritter & Sue, 2007). It must be remembered that confidentiality is harder to guarantee in Internet-based interviews than in-person and telephone interviews.

instance, it could be envisaged that, after the first interview, the same borrower be interviewed every year over the next 5 years. That would allow the collection of more solid and credible evidence on both the program outcome and impact.

- As tracking respondents is critical to the success of a longitudinal study, it is very important that OCLF obtain an e-mail address, a cell phone number and a home phone number not only for each of the borrowers but also for two of their personal contacts (preferably one family member and one individual from outside the household).
- In order to better understand the program and predict future trends vis-à-vis a host of critical variables (e.g. income increase, financial self-reliance, housing improvement), linear and non linear regression analysis as well as a more sophisticated econometric analysis of the program could be conducted. In order to do that, it is recommended that the data collected through the matrix (in an excel spreadsheet) be exported to SPSS. When opting for such type of analytical exercise, it would be worth it having a large sample: the closer to the total number of borrowers the better (it would be good to become familiar with the confidence intervals and confidence levels standards required for social science research). The use of matching method, for instance, whereby you compare over time the program participants with non program participants presenting similar characteristics, although more expensive and dependent on the availability of data and the hiring of a consultant with a fairly strong statistical background (Landau et al, 2004), might be quite an effective strategy. For this type of exercise, data could be provided by local employment offices or business development centers.
- An econometric analysis would also be key to calculating the program's multiplier effect on a society as a whole (indirect impact). However, a sample of at least 100 would be necessary in order to generate some reliable and valid conclusions about the program's impact. It would also be interesting to explore the correlation between individual repayment rate and the number of times each borrower has been turned down by other financial institutions before participating in the OCLF/Alterna micro loan program.
- Alternatively, in the absence of a comparison group (that is, a group of individuals having similar characteristics to those of the borrowers and yet not benefiting from the program), OCLF/Alterna

might want to look at the SROI of other organizations providing microloans in the region (i.e., Geode, CYBF, Paro, TRCDC and Venture Creation Program).

- Studies suggest that higher response rates do not necessarily produce more accurate data, and that surveys with low response rates can still provide useful and valid data. However, if survey non-respondents differ systematically from respondents on key survey variables, then non response bias exists. Therefore a thorough analysis of the differences between respondents and non-respondents will be necessary (response bias analysis)<sup>5</sup>. When the non response analyses suggest there would be value in getting further information about the potential for non response bias, OCLF could consider contracting additional research (Nardi, 2003) such as a follow-up survey of non respondents or some other special data collection or analyses.
- Whereas OCLF's main interest is to use the evaluation matrix on a continuing basis in the future, by possibly having some its staff interviewing borrowers in the future, the validity and bias-free character of this type of evaluation might be severely compromised. Therefore, it is advisable that an external researcher or consultant conduct a certain number of interviews with a random sample of borrowers to verify some of the information provided by borrower to OCLF/Alterna Savings staff.

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<sup>5</sup> The magnitude of any non response bias in the results will depend on both the size of the difference between non respondents and respondents on key survey variables, and on response rate.

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## **Appendix I**

***Revised survey for future use (Small Business Loan Borrowers Survey)***

### **OCLF SROI Evaluation Questionnaire**

### **For Small Business Loans Borrowers**

**CODE:** .....

**DATE:** ..... / ..... / .....

**For each of the questions below, please check the box that applies :**

- 1.** After you received your loan from OCLF/CYBF, did you open any account at some local financial institutions (e.g, savings, checking, etc.)?    Yes    No
  
- 2.** How many financial institutions are you currently doing business with?    0    1    2    3    4  
     5
  
- 3.** Before OCLF/CYBF, did you seek a loan from other institutions?    Yes (go to Q.4-Q.5)    No (go to Q.6)
  
- 4.** If yes, how many institutions did you contact?    1    2    3    4    5    6
  
- 5.** How many of such institutions did provide you a loan?    1    2    3    4    5    6
  
- 6.** How many people did you refer to OCLF/CYBF?    0    1    2    3    4    More than 4
  
- 7.** What purpose was the OCLF/CYBF for?    Expanding an existing business (go to Q.8)    Starting up a new business (go to Q.9)

- 8.** How long had you had the business for when you received the loan?  Less than 1 year  1-2 years  
 2-3 years  more than 3 years
- 9.** Were you the owner of the business at the time you received the loan?  Yes  No
- 10.** Are you the owner of the business today?  Yes  No
- 11.** How many people employees do you have?  0  1  2  3  4  More than 4
- 12.** How many full-time employees do you have?  0  1  2  3  4  More than 4
- 13.** How many part-time employees do you have?  0  1  2  3  4  More than 4
- 14.** Is any of your employees a family member?  Yes  No
- 15.** Where was your enterprise located during the year before you received the loan?  At home  
 Conventional store front  Other
- 16.** Where is your enterprise currently located?  At home  Conventional store front  Other
- 17.** Are you incorporated?  Yes (go to Q. 18)  No (go to Q.23)

**INCORPORATED**

- 18.** If you are incorporated, is your annual corporate income today different than what it was when you received the loan?  Yes (go to Q.19)  No (go to Q.21)
- 19.** If your annual corporate income today is different than what it used to be, how has it changed?  It went up (go to Q.20)  It went down (go to Q.28)
- 20.** By how much did you annual corporate income increase as a result of the loan?

\$0-\$999  \$1,000-\$1,999  \$2,000-\$2,999  \$3,000-\$3,999  \$4,000-\$4,999  \$5,000-\$5,999

\$6,000-\$6,999  \$7,000-\$7,999  \$8,000-\$8,999  \$9,000-\$9,999  \$10,000 and above

**21.** In this study, your identity will remain anonymous and your answer will be kept confidential. On that basis, could you share with me what your annual corporate income is today?

\$0-\$4,999  \$5,000-\$9,999  \$10,000-\$14,999  \$15,000-\$19,999  \$20,000-\$24,999  \$25,000-\$29,999

\$30,000-\$34,999  \$35,000-\$39,999  \$40,000-\$44,999  \$45,000-\$49,999  \$50,000-\$59,999

\$60,000-\$64,999  \$65,000-\$69,999  \$70,000-\$74,999  \$75,000-\$80,000  \$80,000-\$84,999

\$85,000-\$89,999  \$90,000-\$94,999  \$95,000-\$99,999  \$100,000 and above

**22.** Have the corporate income taxes you pay today increased compared with what you were paying the year you received the loan?  Yes (go to Q.28)  No (go to Q.28)

#### **NON INCORPORATED**

**23.** If you are not incorporated, did your annual business income change as a result of the loan?

Yes (go to Q. 24)  No (go to Q.26)

**24.** If your annual business income changed, how did it change?  It went up (go to Q. 25)  It went down (go to Q.26)

**25.** By how much did your annual business income increase compared with what your annual business income was before the loan?  \$0-\$999  \$1,000-\$1,999  \$2,000-\$2,999  \$3,000-\$3,999  \$4,000-\$4,999  \$5,000-\$5,999  
 \$6,000-\$6,999  \$7,000-\$7,999  \$8,000-\$8,999  \$9,000-\$10,000  \$10,000-\$10,999  \$11,000-\$11,999  
 \$12,000-\$12,999  \$13,000-\$13,999  \$14,000-\$14,999  more than \$15,000

**26.** In this study, your identity will remain anonymous and your answer will be kept confidential. On that basis, could you share with me what your annual business income is today?  \$0-\$4,999  \$5,000-\$9,999

\$10,000-\$14,999  \$15,000-\$19,999  \$20,000-\$24,999  \$25,000-\$29,999  \$30,000-\$34,999

- \$35,000-\$39,999     \$40,000-\$44,999     \$45,000-\$49,999     \$50,000-\$59,999     \$60,000-\$64,999  
 \$65,000-\$69,999     \$70,000-\$74,999     \$75,000-\$80,000     \$80,000-\$84,999     \$85,000-\$89,999  
 \$90,000-\$94,999     \$95,000-\$99,999     \$100,000 and above

**27.** Are the business income taxes you pay today higher than those which you were paying the year you received the loan?     Yes     No

**THE FOLLOWING QUESTIONS APPLY TO ALL BORROWERS**

**(BOTH INCORPORATED AND NON INCORPORATED)**

**28.** Is your current job your primary source of income?     Yes (go to Q.30)     No(go to Q.29)     It does not apply since I am unemployed

**29.** What other business do you have? (please specify).....

**30.** At the time you asked for the loan, which government assistance program were you benefiting from?

- None (go to Q.32)     Employment Insurance     Social Assistance     Child Benefits     Other (please specify).....

**31.** If you were receiving assistance, how much assistance (in dollars) were you receiving monthly?

- \$0-500     \$500-\$1,000     \$1,500-\$2,000     \$2,500-\$3,000     \$3,000-3,500     More than \$3,500

**32.** Are you benefiting from any form of assistance today?     Yes (go to Q.33)     No (go to Q. 35)

**33.** Which program provides assistance to you?     Employment Insurance     Social Assistance

- Child Benefits     Other (please specify) .....

**34.** As of today, how much are you receiving monthly?     \$0-500     \$500-\$1,000     \$1,500-\$2,000     \$2,500-\$3,000     \$3,000-3,500     More than \$3,500

**35.** Which assistance program did you stop benefiting from?  Employment Insurance  Social Assistance   
Child Benefits  Other (please specify).....

**36.** How long ago did you stop benefiting from the assistance program(s) above?  1- 6 months ago  6-12 months ago  12-24 months ago  24-36 months ago  More than 36 months ago

**37.** Are you living in the same home as when you received the loan?  Yes (go to Q.39)  No (go to Q.38)

**38.** Is your home today better than the one where you used to live when you asked for the loan?  Yes  No

**39.** Did you rent or own at the time you asked for the loan?  I Rented  I Owned

**40.** Do you rent or you own the home

**41.** where you are currently living?  I rent  I own

**42.** Has the loan improved the economic status of your family?  Yes  No (go to Q.44)

**43.** If yes, in which area(s) has the loan had the greatest impact?

Schooling of children  Health and medical care  Food and Nutrition  Recreation  
 Support your spouse' s business  Purchasing business assets

**44.** Did the OCLF/CYBF loan have any other impact on you and your household?

.....  
.....  
.....  
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.....  
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**45.** Are there any other comments you wish you make in relation to this study?

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.....  
.....

**Thank you very much for participating in the research!**

## **Appendix II**

***Revised survey for future use (Training Loan Borrowers Survey)***

### **OCLF SROI Evaluation Questionnaire**

#### **For Training Loans Borrowers**

**CODE:** .....

**DATE:**...../...../.....

#### **For each of the questions below, please check the box that applies:**

- 1.** After you received your loan from OCLF/CYBF, did you open any account at some local financial institutions (e.g., savings, checking, etc.)?    Yes    No
  
- 2.** How many financial institutions are you currently doing business with?    0    1    2    3  
     4    5
  
- 3.** Before OCLF/CYBF, did you seek a loan from other institutions?    Yes (go to Q.4-Q.5)    No (go to Q.6)
  
- 4.** If yes, how many institutions did you contact?            1    2    3    4    5    6
  
- 5.** How many of such institutions did provide you a loan?    1    2    3    4    5    6
  
- 6.** How many people did you refer to OCLF/CYBF?    0    1    2    3    4    More than 4
  
- 7.** Did you gain a professional accreditation thanks to the training financed by the loan?    Yes    No
  
- 8.** How long did it take you to find a job after you completed the training?

Less than 2 months    2-4 months    4-6 months    6 months    More than 6 months

**9.** After the completion of the training financed by the loan, did you find a job in the same field as the training?  Yes  
 No

**10.** What's your current employment status today? Unemployed (go to Q.12)    Full-Time Employed (go to Q.11)    Part-Time Employed (go to Q.11)

**11.** What sector are you currently working in? Retail    Food/beverages    IT    Entertainment (e.g., music, film)    Other (please specify).....

**12.** If you are unemployed, what are some of the obstacles that you are currently facing in finding a job? (please specify).....

*In his study, your identity will remain anonymous and your answer will be kept confidential.*

**13.** Are you self-employed? Yes (go to Q. 14)     No (go to Q.19)

### **SELF-EMPLOYED**

**14.** If you are self-employed, did your annual business income change as a result of the training loan?

Yes (go to Q. 15)     No (go to Q.17)

**15.** If your annual business income changed, how did it change?  It went up (go to Q. 16)    It went down (go to Q.17)

**16.** By how much did your annual business income increase compared with what your annual personal income was before the training? \$0-\$999    \$1,000-\$1,999    \$2,000-\$2,999    \$3,000-\$3,999    \$4,000-\$4,999    \$5,000-\$5,999    \$6,000-\$6,999    \$7,000-\$7,999    \$8,000-\$8,999    \$9,000-\$10,000    \$10,000-\$10,999    \$11,000-\$11,999    \$12,000-\$12,999    \$13,000-\$13,999    \$14,000-\$14,999  
more than \$15,000

**17.** In this study, your identity will remain anonymous and your answer will be kept confidential. On that basis, could you share with me what your annual business income is today?  \$0-4,999  \$5,000-\$9,999  
 \$10,000-\$14,999  \$15,000-\$19,999  \$20,000-\$24,999  \$25,000-\$29,999  \$30,000-\$34,999  
 \$35,000-\$39,999  \$40,000-\$44,999  \$45,000-\$49,999  \$50,000-\$59,999  \$60,000-\$64,999  
 \$65,000-\$69,999  \$70,000-\$74,999  \$75,000-\$80,000  \$80,000-\$84,999  \$85,000-\$89,999  
 \$90,000-\$94,999  \$95,000-\$99,999  \$100,000 and above

**18.** Are the personal income taxes you pay today higher than those you were paying the year you received the loan?  Yes  No

#### **NOT SELF-EMPLOYED**

**19.** As a result of the training loan, did your annual salary change?  Yes (go to Q. 20)  No (go to Q.22)

**20.** If your annual salary changed, how did it change?  It went up (go to Q. 21)  It went down (go to Q.22)

**21.** By how much did you annual salary increase compared with what your annual salary was before the training?  \$0-\$999  \$1,000-\$1,999  \$2,000-\$2,999  \$3,000-\$3,999  \$4,000-\$4,999  \$5,000-\$5,999  
 \$6,000-\$6,999  \$7,000-\$7,999  \$8,000-\$8,999  \$9,000-\$10,000  \$10,000-\$10,999  
 \$11,000-\$11,999  \$12,000-\$12,999  \$13,000-\$13,999  \$14,000-\$14,999  more than \$15,000

**22.** In this study, your identity will remain anonymous and your answer will be kept confidential. On that basis, could you share with me what your annual salary is today?  \$0-4,999  \$5,000-\$9,999  
 \$10,000-\$14,999  \$15,000-\$19,999  \$20,000-\$24,999  \$25,000-\$29,999  \$30,000-\$34,999  
 \$35,000-\$39,999  \$40,000-\$44,999  \$45,000-\$49,999  \$50,000-\$59,999  \$60,000-\$64,999  
 \$65,000-\$69,999  \$70,000-\$74,999  \$75,000-\$80,000  \$80,000-\$84,999  \$85,000-\$89,999  
 \$90,000-\$94,999  \$95,000-\$99,999  \$100,000 and above

**23.** Are the annual personal income taxes you pay today higher than those you were paying the year you received the loan?  Yes  No

**24.** Is your current job your primary source of income?  Yes (go to Q.36)  No(go to Q.25)  It does not apply since I am unemployed (go to Q.25)

**25.** What other business do you have? (please specify).....

**26.** At the time you asked for the loan, which government assistance program were you benefiting from?

None (go to Q.28)  Employment Insurance  Social Assistance  Child Benefits  Other (please specify).....

**27.** If you were receiving assistance, how much assistance (in dollars) were you receiving monthly?

\$0-500  \$500-\$1,000  \$1,500-\$2,000  \$2,500-\$3,000  \$3,000-3,500  More than \$3,500

**28.** Are you benefiting from any form of assistance today?  Yes (go to Q.29)  No (go to Q. 31)

**29.** Which program provides assistance to you?  Employment Insurance  Social Assistance  Child Benefits  Other (please specify).....

**30.** As of today, how much are you receiving monthly (after you respond, go to Q.45)?  \$0-500  \$500-\$1,000  \$1,500-\$2,000  \$2,500-\$3,000  \$3,000-3,500  More than \$3,500

**31.** Which assistance program did you stop benefiting from?  Employment Insurance  Social Assistance  Child Benefits  Other (please specify).....

**32.** How long ago did you stop benefiting from the assistance program(s) above?  1- 6 months ago  6-12 months ago  12-24 months ago  24-36 months ago  More than 36 months ago

**33.** Are you living in the same home as when you received the loan?  Yes (go to Q.35)  No (go to Q.34)

**34.** Is your home today better than the one where you used to live when you asked for the loan?  Yes  
 No

**35.** Did you rent or own at the time you asked for the loan?  I Rented       I Owned

**36.** Do you rent or you own the home where you are currently living?  I rent       I own

**37.** Has the loan improved the economic status of your family?  Yes       No (go to Q.39)

**38.** If yes, in which area(s) has the loan had the greatest impact?  Schooling of children     Health and medical care     Food and Nutrition     Recreation     Support your spouse's business     Purchasing business assets

**39.** Did the OCLF/CYBF loan have any other impact on you and your household?

.....  
.....  
.....  
.....

**40.** Are there any other comments you wish you make in relation to this study?

.....  
.....

**Thank you very much for participating in the research!**

## **Appendix III**

### **Tax regimes applicable to OCLF micro loan borrowers**

1) Personal income tax rates: these apply in case of self-employment, salaried employment, sole proprietorship and partnership)

<b>Federal tax rates for 2008</b>
<ul style="list-style-type: none"><li>• 15% <b>on the first</b> \$37,885 of taxable income, +</li><li>• 22% <b>on the next</b> \$37,884 of taxable income (on the portion of taxable income between \$37,885 and \$75,769), +</li><li>• 26% <b>on the next</b> \$47,415 of taxable income (on the portion of taxable income between \$75,769 and \$123,184), +</li><li>• 29% of taxable income <b>over</b> \$123,184</li></ul>
<b>Provincial tax rates for 2008</b>
<ul style="list-style-type: none"><li>• 115% <b>on the first</b> \$38,832 of taxable income, +</li><li>• 22% <b>on the next</b> \$38,832 of taxable income (on the portion of taxable income between \$38,832 and \$77,664), +</li><li>• 26% <b>on the next</b> \$48,600 of taxable income (on the portion of taxable income between \$77,664 and \$126,264), +</li><li>• 29% of taxable income <b>over</b> \$126,264.</li></ul>

*Source: Revenue Canada, 2008*

2) Business income tax rates: as most businesses the microloan program is dealing with have an income lower than \$400,000, the following tax rates (lower than those paid by larger business) will apply. The Incentive Deduction for Small Business Corporations (IDSBC) reduces the Ontario corporate income tax rate to arrive at an effective tax rate of 5,50% for small Canadian-controlled private corporations.

<b>Effective Small Business Rate</b>	<b>Applicable Dates</b>
6.50%	effective January 1, 2001
6.00%	effective October 1, 2001
5.50%	effective January 1, 2003

*Source: Revenue Canada, 2009*

The corresponding federal tax rate is 11% as of January 31, 2009 (KPMG, 2009). Therefore, the total corporate tax rate for small incorporated businesses would be 16,5%.

