Community Development Financial Institutions (CDFI)



Client

The U.S. Treasury

Facts

Period 2012

Project Country United States

The US Treasury operates the Community Development Financial Institutions (CDFI) programs to expand access to capital and credit in low-income communities. The agency engaged EDR Group (now EBP) to assess the feasibility of setting up systems to better monitor the outcomes of these programs, and undertake a pilot effort to demonstrate the requirements for broader analysis as a "proof of concept." The initial work focused on the New Markets Tax Credit (NMTC) and Financial Assistance (FA) programs.

Key questions were:

- What lessons can be learned concerning the 'within firm success' in low income communities when receiving lower than market rate loans or investment backed by tax credits?
- Does this differ by the type/size/age of business, amount and use of the investment or loan, debt or equity structure, geography, or the economic conditions within low income communities?
- Can patterns of success –observed through analysis of self-reported and verified/benchmarked job changes – be applied to future applications by Community Development Entities for participation in the New Markets Tax Credit or Financial Assistance programs?

To start an effort to address these questions, EDR Group used program-specific logic models and applied econometric analysis for participant transaction data for 2010 onward. The purpose of this work was to assess the completeness and usefulness of program databases. These databases build largely on self-report data from fund recipients. The work by EDR Group served to identify further steps necessary to improve databases in ways that would later support the broader development of a predictive tool for CDFI staff to assess job outcomes for future program activities.

Contact Persons