

An Evaluation of Community Development Finance Initiatives

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Presentation Structure

- Study Sponsors and Team
- Study Aims
- Study Objectives
- Study Method
- What does this mean for you as CDFIs?
- Questions

Study Sponsors and Team

- Sponsors
 - Evaluation has been commissioned by Enterprise Directorate (formerly Small Business Service) and Office of the Third Sector
 - Treasury has expressed a strong interest in the evaluation
 - RDAs seeking to utilise data/results at regional level
- Study team
 - GHK Consulting
 - Bert Nicholson Associates
 - Dr. Karl Dayson, Community Finance Solutions, University of Salford
- Support from CDFA

Study Aims

- To inform UK policy on the medium to long term strategic role of CDFIs, and to establish the rationales for and benefits from continued support
- In other words, what policy problems do CDFIs address, how much do these delivery mechanisms cost and with what economic and social benefits
- Study focus is on access to finance in underserved markets, including for social enterprises, and enterprise outcomes
- Aim is full economic impact assessment of the CDFI sector

To be ready to take the Next Step we need to know:

“Who we are, what we are doing, that we do it well, what is being done elsewhere, and lessons from elsewhere’

Seven Study Objectives

- 1) Consolidate and learn from existing (international) CDFI knowledge base
- 2) Establish the direct impact on Access to Finance of CDFI activity (market failures, availability of debt finance, etc)
- 3) Estimate economic additionality of CDFIs (business creation and growth in disadvantaged areas and underrepresented groups; employment creation; etc)
- 4) Estimate the value of wider social effects generated by CDFIs
- 5) Estimate distance from sustainability for different CDFIs and analyse strategies for moving towards financial sustainability
- 6) Analyse impact on sector of 'credit crunch' and economic downturn
- 7) Make Recommendations on future CDFI policy (in context of Access to Finance)

Study Method

- Inception: incl. stakeholder interviews with Govt Departs, CDFA, RDAs
- International literature/policy review on CDFIs (UK sector development, international comparison – regulation, sustainability, good practice)
- Credit crunch sector impact review: initial, and at end of evaluation
- Analysis of CDFI sector and CDFI loan activity
 - CDFA Inside Out Survey (2007, 2008, 2009)
 - CDFI Business Beneficiary Survey (economic and social outcomes)
 - Case studies of 9 CDFIs (including regional other lender/stakeholder interviews)
 - Comparison with 'control group' (potentially EFG business beneficiaries)
- Synthesis: Impact Assessment, Sustainability, Credit Crunch
- Recommendations
- Inception mid-February, draft Final Report September 2009

What does this mean for you as CDFIs?

- Arguably, most comprehensive attempt yet to create evidence base on the sector for policy development; ‘anecdotal proof of effectiveness’, ‘need to show our efficiency and effectiveness’
- Impact assessment will put CDFI intervention alongside, for example, all other assessments of RDA interventions
- Knowledge and lessons on the sector’s development, including issues of sustainability
- **Pragmatics**
 - Please return Inside Out Survey!
 - Request for client details will arrive shortly
 - Some of you will be approached shortly to be a Case Study