



# STRATEGIC PLAN

FY 2017 - FY 2022

**IMPACT AND  
EXCELLENCE**



*A Five-Year Plan*

COMMUNITY DEVELOPMENT  
FINANCIAL INSTITUTIONS FUND  
U.S. DEPARTMENT OF THE TREASURY

OCTOBER 2016

# OVERVIEW

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The Community Development Financial Institutions Fund (CDFI Fund) works to spur economic growth and opportunity in many of our nation's most distressed communities. Through tailored resources and innovative programs that invest federal dollars alongside private capital, the CDFI Fund supports mission-driven financial institutions that are using market-based approaches to empower underserved communities.

Since its creation in 1994, the CDFI Fund has awarded or committed:

- Over \$2 billion in Financial and Technical Assistance awards through the CDFI Program, the Healthy Food Financing Initiative, and the Native American CDFI Assistance Program;
- \$43.5 billion in tax credit allocation authority through the New Markets Tax Credit Program;
- \$419 million through the Bank Enterprise Award Program;
- \$1.1 billion in long term bond loans through the CDFI Bond Guarantee Program; and
- \$173 million through the Capital Magnet Fund.

CDFI Fund awardees have leveraged these resources many times over using matching funds and other investment from the private sector, philanthropy, and government. As a result, hundreds of thousands of jobs and affordable housing units have been created; millions of square feet of space have been developed or renovated for commercial and community service use; tens of thousands of small businesses have been financed;

**PROGRAMS:** The CDFI Fund promotes access to capital and local economic growth through the following programs:

- Financial and Technical Assistance awards made through the CDFI Program support, train, and directly invest in CDFIs that provide loans, investments, financial services, and technical assistance to underserved people and communities.
- The Native Initiatives provides financial assistance, technical assistance, and training to Native CDFIs and other Native entities proposing to become or create Native CDFIs.
- The New Markets Tax Credit Program provides allocations of tax credits to Community Development Entities, which enables them to attract investment from the private sector and reinvest these amounts in low-income communities.
- The Bank Enterprise Award Program incentivizes banks to invest in highly distressed communities and in CDFIs.
- The CDFI Bond Guarantee Program guarantees bonds to provide CDFIs with access to long-term capital to spark the economies of some of our nation's most distressed communities.
- The Capital Magnet Fund invests in CDFIs and non-profits to finance the development, rehabilitation, preservation, and purchase of affordable housing and community service facilities for low-income families and communities.

and safe and affordable financial products and services have been provided to millions of low-income people.

This twenty-year track record of success provides a strong foundation upon which to build for the future. But, as impressive as our results have been, we cannot lose sight of the fact that too many people and communities still exist on the economic margins. This strategic plan provides a roadmap for optimizing the use of the CDFI Fund's resources to create even more economic opportunity over the next five years.

## **Mission**

The CDFI Fund's mission is to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers.

## **Vision**

The CDFI Fund's vision is an America in which all people and communities have access to the investment capital and financial services they need to prosper.

# STRATEGIC GOALS AND OBJECTIVES

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## **Goal 1: Increase the impact of the CDFI Fund network by supporting the growth, reach, and performance of CDFI Fund awardees.**

The CDFI Fund network consists of an array of organizations supported by CDFI Fund programs, including certified Community Development Financial Institutions (CDFIs), certified Community Development Entities (CDEs), nonprofit housing organizations, and FDIC-insured banks.

These organizations lead the way into underserved markets, demonstrating that there are opportunities for investment in people and places that have long been overlooked or judged to be too risky by conventional investors. In many cases, CDFI Fund awardees<sup>1</sup> are the innovative partners that fill critical market gaps and make it possible to unlock investment capital for underserved people and places.

The CDFI Fund's programs and training are key to these catalytic solutions. In all of our programs, the CDFI Fund supports organizations rather than specific projects, allowing awardees to decide the product and service offerings that will best meet the needs of their communities.

Over the next five years, the CDFI Fund aims to increase the impact of the CDFI Fund and our network while still adhering to the principle of flexible organization-level funding. To do so, we will define the growth and performance outcomes we seek to achieve in each program with greater precision, align those outcomes with funding decisions, and improve our ability to measure the results of both the CDFI Fund and our awardees.

The CDFI Fund does not want growth for growth's sake if it comes at the expense of a strong community development mission. We will improve certification monitoring across our programs to ensure growth is sustainable and community impact is measurable.

### **Strategic Objective 1.1 – More closely align CDFI Fund awards to applicant performance and program objectives.**

#### **Actions**

- Clearly define program objectives for each CDFI Fund program and continuously improve applications, criteria, and processes to align with these objectives using data and best practices.
- Establish appropriate, outcome-related, performance goals and measures for awardees in each CDFI Fund program that reflect applicant commitments, and monitor for compliance.

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<sup>1</sup> Includes CDFI Program Financial Assistance and Technical Assistance awardees, New Markets Tax Credit allocatees, Capital Magnet Fund awardees, Bank Enterprise Award recipients, and any other recipients of CDFI Fund support.

- Strengthen evaluation of applicants' performance toward meeting output and outcome goals and measures from past awards by incorporating the evaluation of prior award agreements into all award-making processes and decisions.
- Strengthen the capacity of the CDFI Fund to measure and manage performance and compliance risks.
- Raise performance expectations for awardees that access multiple programs and/or have repeatedly received funding, allocation awards, or bond loan guarantees from the CDFI Fund.

**Strategic Objective 1.2 – While maintaining the flexibility that allows awardees to respond to local needs with market-driven solutions, encourage CDFIs and CDEs to grow and to expand their reach into communities that are most in need of investment.**

#### **Actions**

- Through the award-making processes, ensure that CDFI Fund resources are reaching the hardest-to-serve markets to the greatest degree possible.
- Use the CDFI Annual Certification Report to improve our understanding of CDFI geographic and product line coverage, and apply the data to both application review and award compliance monitoring.
- Use the Capacity Building Initiative (CBI) to build the strength of small- and medium-sized CDFIs, especially those serving the hardest-to-reach markets. Establish clear goals for the CBI and measure progress annually.
- Find new ways to encourage the development of collaborative solutions that promise to scale impact and increase efficiency across the CDFI industry.
- Explore opportunities to fund the development of new tools and models for CDFIs to accelerate their growth, reach, and performance.

**Strategic Objective 1.3 – Support the full range of allowable award, allocation, and bond loan uses and activities in CDFI Fund programs.**

#### **Actions**

- Ensure program application materials identify the full range of statutorily allowable uses and activities.
- In the CDFI Program, ensure a level playing field among CDFI types by measuring performance and impact against peers when making funding decisions.
- Collaborate with regulators to engage and support more financial inclusion activities in the CDFI sector that target the un- and underbanked.
- Complete the BEA Program Evaluation and use the findings to improve the application review and award decision-making process.

**Strategic Objective 1.4 – Hold all certified CDFIs and CDEs accountable to a primary mission of promoting community development.**

**Actions**

- Review and, if necessary, revise CDFI and CDE certification policies to ensure adherence to a community development mission. Modernize certification policies so that awardees can more nimbly respond to changes in financial services sector while still adhering to the primary mission.
- Complete development of risk management tools for CDFI Certification and the CDFI Program, and enable coordinated utilization between the program application and compliance review processes within the Awards Management Information System (AMIS). Adapt the tool for use, where appropriate, for Capital Magnet Fund and CDFI Bond Guarantee Program.
- Explore and deploy additional strategies, such as target market activity sampling, to improve the efficiency, effectiveness, and transparency of certification compliance monitoring and enforcement activities.
- Complete the NMTC Compliance Research project and implement actionable findings to mitigate and manage risk.

**Success Measures**

The success of this goal will be evaluated by the degree to which CDFI Fund programs reach more low-income people and more distressed communities than are currently served. More communities will have access to a fuller range of financial products and services. Program outcomes will better align with program goals and the past performance of awardees will be more thoughtfully integrated into future funding decisions. Some specific measures include:

- Program outcomes are assessed against defined objectives after each funding round. Where alignment is lacking between objectives and outcomes, or improvement is needed, program objectives are restated or refined and communicated through public notices.
- Performance measures are reviewed as part of an applicant's evaluation for each previously funded applicant.
- Increase in geographic coverage from establishment of the baseline program coverage map. Specifically track increases in coverage in more highly distressed communities.

## **Goal 2: Build the capacity of the CDFI Fund and its network to better capture, produce, and utilize data to improve decision-making, performance, and accountability.**

The CDFI Fund already collects a tremendous amount of data from its awardees and certified CDFIs that can be put to use to advance our mission. We will explore the possibilities not only for making better use of this data, but also for making sure that our network and the general public have access to that data -- so they too can determine how best to direct their resources, tell their story, and evaluate what works. We will enhance the quality, quantity, and frequency of our public data releases; and we will create a repository of user-friendly, consumable data that can lead to actionable insights.

The development of AMIS creates new opportunities for effective decision-making and greater accountability. We will use AMIS to gather data from our network, measure performance, track compliance with awardee commitments, and direct new funding decisions toward the greatest impact.

### **Strategic Objective 2.1 – Increase the CDFI Fund network’s access to and ability to use CDFI Fund data.**

#### **Actions**

- Create a data repository of user-friendly, consumable data that provides the CDFI Fund network with useful information and actionable insights.
- Improve Community Impact Mapping System (CIMS) functionality and instructions so that CDFIs can better analyze their impact.
- Produce and publish a public-facing CDFI industry report derived from Annual Certification data.
- Develop tools that enable CDFIs to compare their performance against their peers.

### **Strategic Objective 2.2 – Use data to drive CDFI Fund award decision-making and to inform the CDFI Fund’s desired program outcomes.**

#### **Actions**

- Define metrics to quantify program objectives and use that data in award decision-making, per Objective 1.1.
- Explore cost-effective ways to gather evidence of community outcomes.
- Participate in strategic collaborative research projects to evaluate CDFI Fund performance. Measure CDFI Fund’s own performance against strategic and program goals.

- Use AMIS to integrate data collected from certification, program applications, and awardee compliance reporting to support comprehensive program assessment and risk management procedures.
- Improve assessment of CDFI Program applicants' ability to repay CDFI Fund by developing loan rating tool for direct loans and assess feasibility of structuring loan products to match risk.

**Strategic Objective 2.3 – Strengthen the CDFI Fund’s position as a leader in industry research and collaboration.**

**Actions**

- Expand the amount and type of data that the CDFI Fund makes available to the public for research purposes.
- Build a database of “what works” in community development finance.

**Success Measures**

The success of this goal will be measured by the degree to which we have created tools that allow the CDFI Fund and our network to use data to foster continuous improvement in our industry, guide our investments, and maximize our impact. Some specific measures include:

- Increase in the ability of the CDFI Fund and its awardees to measure results and produce evidence demonstrating effectiveness of investments.
- Increase in the quality and quantity of yearly public data releases.
- Beginning in FY 2018, an industry report is released annually. By the end of the five-year strategic planning period, a core set of social outcomes measures have been established from the data that the CDFI Fund is able to use to measure impact.
- Marked improvement in mapping functionality, allowing for ease of certification and better storytelling.

**Goal 3: Ease the customer experience and create on-ramps for new and emerging CDFIs and CDEs to access CDFI Fund programs.**

We know that our application and compliance processes can be labor-intensive and time-consuming -- disproportionately so for smaller members of our network. While seeking to capture the information necessary to make informed decisions that reward impact, we will strive to make the CDFI Fund’s programs easier to use and ensure that new entrants have a fair shake at accessing our resources. Likewise, we commit to making our award-making processes as transparent as possible.

The CDFI Fund places a priority on useful and timely assistance and, as a consequence, we have consistently received positive feedback from our partners for providing good customer

service. We will build on that by strengthening our Help Desk and by ensuring that our website users have access to the information and resources they seek.

### **Strategic Objective 3.1 – Minimize application and reporting burden and cost.**

#### **Actions**

- Streamline applications to avoid redundancy, align with strategic goals, and reduce burden.
- Ensure guidance materials are clear, consistent, comprehensive, and accessible.
- Ensure application materials clearly and accurately identify essential information to be communicated by applicants.
- Eliminate unnecessary, conflicting, or redundant data collection from reports.
- Reduce award cycle times across all programs.
- Create functionalities within AMIS to integrate external data and utilize application and reporting data for multiple purposes.
- Establish benchmarks and continuously improve the AMIS application and reporting experience.

### **Strategic Objective 3.2 – Increase transparency of award-making process.**

#### **Actions**

- Improve engagement with the industry and public on application development and information collection through the public comment process.
- Provide greater clarity around reviewer process and scoring criteria in award notifications and guidance materials to applicants.
- Ensure debriefing documents clearly identify essential, permissible information on the general characteristics of a highly-ranked application.
- Make draft assistance agreement templates available to program applicants at the same time as applications.

### **Strategic Objective 3.3 – Make better use of the Help Desk and website to improve customer service.**

#### **Actions**

- Develop an integrated Help Desk system that spans all applications and tracks the final disposition of customer service requests.
- Improve consistency and quality of guidance provided by the Help Desk, and distribute Help Desk assignments by functional area and staff assignments.
- Continuously improve the website and the ability of the public and applicants to find answers through the website.

## Success Measures

The success of this goal will be evaluated by the degree to which efficiency in program management is increased, user burden is reduced, and new and emerging organizations can access CDFI Fund programs. Some specific measures include:

- Increase in awards to new and emerging applicants.
- Reduction in compliance reporting errors.
- Meet or exceed metrics for award cycle time and time-to-initial disbursement.
- Improvement in response time and resolution of customer service requests through the Help Desk.
- Reduction in number of Help Desk inquiries and escalation rates.
- Reduced number of technical problems in AMIS experienced by customers.
- Reduction in time required for awardees to submit data collection instruments.
- Reduction in ineligible applicants.
- Improvement in customer satisfaction survey results.

## Goal 4: Promote awareness of CDFIs in order to expand their access to new resources.

The demand for investments that give both financial and social returns is growing, and presents CDFIs with new opportunities to grow and diversify their sources of capital. But at a time when a new generation of philanthropists and investors are seeking a social return on their investments, too many potential partners remain unfamiliar with the work of CDFIs.

As the office responsible for certifying CDFIs, the CDFI Fund is in a unique position to help CDFIs tell their own stories. The CDFI Fund will optimize our own resources to help raise awareness of the CDFI industry and increase our network's effectiveness and ability to access new sources of private capital. In addition to providing access to our data, we will continue to provide educational materials and other resources that demonstrate the impact CDFIs have on the communities they serve. We will also continue to educate government agencies at all levels about the CDFI industry in order to increase the ability of CDFIs to partner and gain access to new public funding sources.

### **Strategic Objective 4.1 – Provide useful tools and information that CDFIs and CDEs can use to tell their story to external audiences.**

#### **Actions**

- Develop more effective means to collect and showcase success stories of projects and investments made by CDFIs and CDEs.
- Expand the use of social media and other available communication tools to highlight the work of CDFIs and CDEs and improve our interactions with our stakeholders.

- Create opportunities for CDFIs and CDEs to learn from each other on topics of interest or importance, and share best practices and lessons-learned.
- Update the Certified CDFI Resource Guide and supporting materials to be more user- and technology-friendly.

**Strategic Objective 4.2 – Engage with external stakeholders and government agencies to raise awareness of the CDFI Fund network.**

**Actions**

- Identify, cultivate, and manage key relationships with Federal agencies and local governments, as well as private, philanthropic, and academic institutions with similar goals and objectives.
- Increase ability to use data and success stories as educational tools for key stakeholders.

**Success Measures**

The success of this goal will be evaluated by the degree to which the CDFI Fund network can leverage greater resources for mission critical work. Some specific measures include:

- Increase in ability to use data to demonstrate impact to external parties.
- Increase in number of followers or subscribers on newsletter and social media platforms.
- Increase in views or downloads of resource materials on the CDFI Fund's website.
- Increase in number of success stories available for reference and education; examples are varied, numerous, current, and relevant.

**Goal 5: Create organizational excellence by increasing workforce engagement, enhancing team performance, and improving operational efficiency.**

The environment in which we operate is constantly changing, and it is critical that the CDFI Fund responds to these changes while being a good steward of Federal funds and effectively maintaining our programs and initiatives. Our ability to meet these challenges depends upon the strength of our staff and organization.

We will continue to support organizational and individual development in pursuit of our mission, and we will promote a culture of continuous improvement as we look toward future challenges and opportunities.

**Strategic Objective 5.1 – Maximize workforce engagement to ensure high levels of performance.**

**Actions**

- Drive meaningful workforce engagement in ways that demonstrate commitment to our core values (Community, Growth, Accountability, Service, Diversity and Inclusion, and Respect) and demonstrate the value of each employee.
- Align individual performance plans so that staff understand how their work connects with the CDFI Fund’s mission, vision for the future, and organizational goals.
- Recruit, develop, and retain a highly skilled and diverse workforce; ensure that skills align with position requirements.

**Strategic Objective 5.2 – Optimize team performance and cross-team collaboration.**

**Actions**

- Develop best practices for teams, set clear team-level goals, and measure progress toward achieving them.
- Design incentives that reward great teamwork.
- Increase opportunities for staff to work across business units.

**Strategic Objective 5.3 – Create a culture of continuous operational improvement.**

**Actions**

- Ensure organizational structure aligns with strategic goals.
- Map and evaluate business processes to achieve efficiencies.
- Leverage information technology to automate business processes.
- Review and assess funding round operations annually for continuous improvement and alignment with mission outcomes (per 1.1).
- Ensure compliance in a changing environment with all applicable regulations, laws, and other requirements.

**Success Measures**

The success of this goal will be evaluated by the degree to which CDFI Fund staff are engaged, committed to a high level of performance, and have the tools they need to deliver on program goals in an efficient, effective, and timely manner.