



## **FY 2019 CDFI Program and NACA Program Technical Assistance Application Evaluation Process**

### **Introduction**

This document details the evaluation process for Technical Assistance (TA) Applications received under the Fiscal Year (FY) 2019 CDFI Program and NACA Program funding rounds. Capitalized terms not defined herein shall have the meaning specified in the applicable FY 2019 Notice of Funds Availability (NOFA).

The evaluation process described below is outlined in the FY 2019 NOFAs and is governed by the CDFI Program regulations (12 C.F.R. 1805 and 1815). Details regarding the TA Application content and requirements can be found in the NOFAs and related guidance materials and should be used in conjunction with this document. The evaluation process differs from previous years to reflect updates in the NOFA and Application for FY 2019.

The CDFI Fund reserves the right to modify these policies and procedures in future funding rounds, consistent with requirements specified in the applicable NOFA and related TA Application Materials.

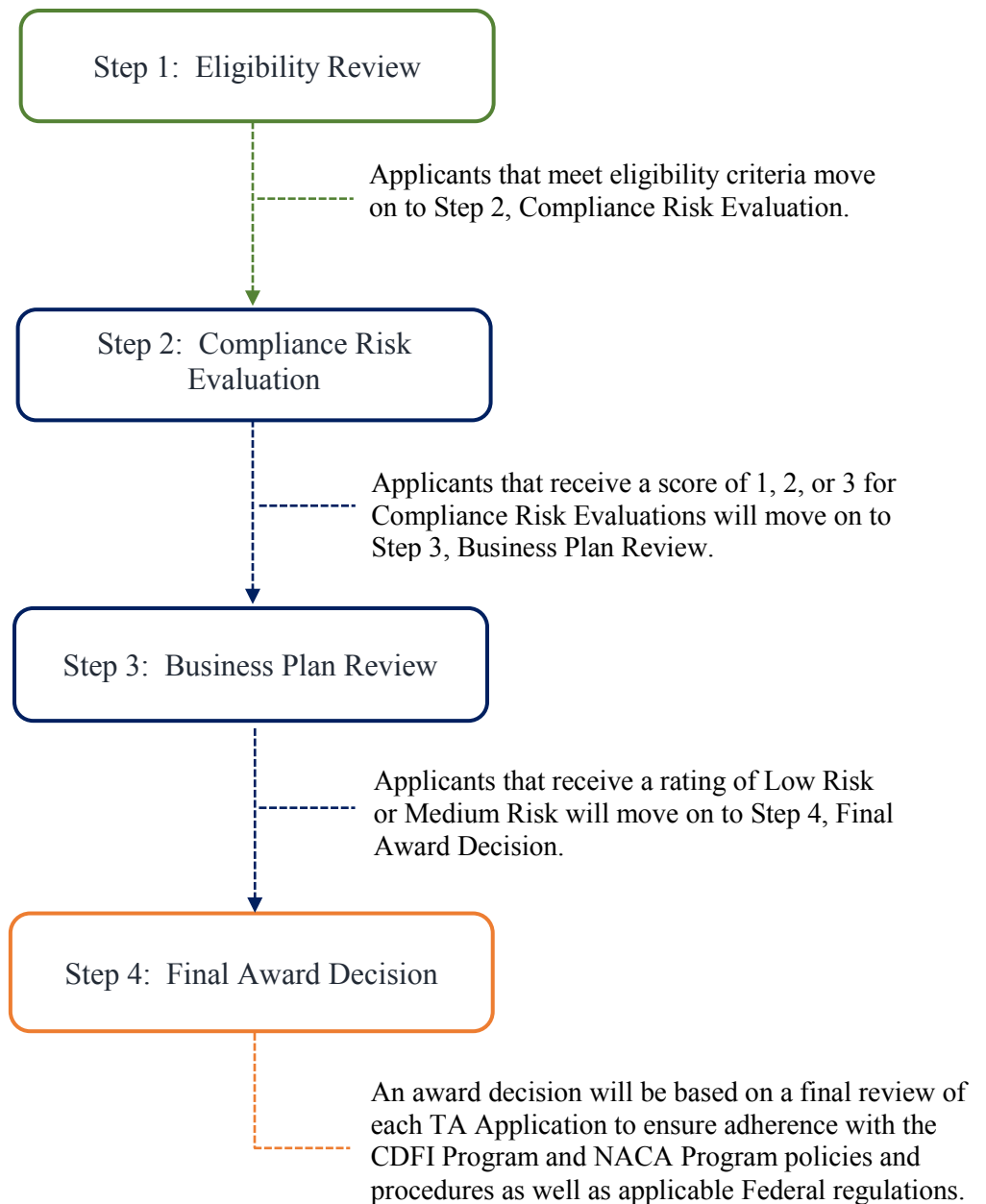
### **Reviewers**

TA Applications will be evaluated by CDFI Fund staff. Staff reviewers must complete the CDFI Fund's conflict of interest screening. Staff reviewers must evaluate all TA Applications in accordance with the CDFI Program and NACA Program's policies and procedures.

### **The Evaluation Process**

The application evaluation and award selection process includes four steps:

- Step 1: **Eligibility Review**, conducted by CDFI Fund staff.
- Step 2: **Compliance Risk Evaluation**, conducted by the Application Assessment Tool (AAT) and CDFI Fund staff.
- Step 3: **Business Plan Review**, conducted by CDFI Fund staff.
- Step 4: **Final Award Decision**, conducted by CDFI Fund staff.



### Step 1: Eligibility Review

The CDFI Fund evaluates each Application to determine if it meets the eligibility requirements listed in the CDFI Program NOFA or NACA Program NOFA. Certain eligibility requirements are assessed automatically through the CDFI Fund’s Awards Management Information System (AMIS). CDFI Fund staff conduct a follow-up eligibility review on all Applications to ensure that all eligibility requirements are met. Applicants are not scored during this review but are unable to proceed if deemed ineligible during this step. All Applicants deemed eligible proceed to Step 2.

## **Step 2: Compliance Risk Evaluation**

The CDFI Fund evaluates each Application using compliance information provided by the Applicant. The initial evaluation is done by an automated tool developed by the CDFI Fund, the Application Assessment Tool (AAT), and, in some cases, additional review is conducted by CDFI Fund staff to ensure accuracy.

To produce a Total Compliance Composite Score, the AAT uses responses provided by each Applicant in the compliance questions, as well as an Applicant's reporting history, reporting capacity, and performance risk with respect to the CDFI Fund's Performance Goals and Measures (PG&Ms). The purpose of this evaluation is to ensure Applicants do not have major internal management or compliance concerns.

Each Application will receive a Total Compliance Composite Score on a scale of one (1) to five (5), with one (1) being the highest rating. Applicants must receive a Total Compliance Composite Score of one (1), two (2), or three (3) to advance to Step 3. Applicants that receive an initial Total Compliance Composite Score of four (4) or five (5) will be re-evaluated by CDFI Fund Staff. If the Applicant is deemed a high compliance risk after CDFI Fund Staff review, the Applicant will not advance to Step 3.

## **Step 3: Business Plan Review**

The Business Plan Review consists of two sub-parts for Uncertified CDFI Applicants<sup>1</sup> and one sub-part for Certified CDFI Applicants. Each component of the Business Plan Review will be reviewed and scored by CDFI Fund staff.

- 1) **Section I Review** for Uncertified CDFI Applicants
- 2) **Section II Review** for all Applicants

For each sub-part of the Business Plan Review, each TA Application will be assigned an overall rating of Low Risk, Medium Risk, or High Risk. Uncertified Applicants must receive a rating of Low Risk or Medium Risk in the Section I Review in order to advance to the Section II Review. Uncertified Applicants that receive a rating of High Risk in the Section I Review will not advance to the Section II Review, and will not receive further consideration for an award. Uncertified Applicants that progress to the Section II Review and Certified CDFI Applicants must receive a rating of Low Risk or Medium Risk in the Section II Review in order to advance to Step 4, Final Award Decision. Applicants that receive a rating of High Risk in the Section II Review will not move forward to Step 4, Final Award Decision, and will not receive further consideration for an award.

The CDFI Fund will rate each part of the Business Plan Review as indicated in Table 1 below:

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<sup>1</sup> For purposes of this document, the term Uncertified CDFI refers to and includes Certifiable CDFIs, Emerging CDFIs, and Sponsoring Entities (NACA Program only).

<b>Table 1: TA Business Plan Review</b>		
<b>Business Plan Review Component</b>	<b>Applicant Type</b>	<b>Ratings</b>
<b>Section I:</b>		
Primary Mission	Uncertified Applicants	Low Risk, Medium Risk, or High Risk
Financing Entity	Uncertified Applicants	
Target Market	Uncertified Applicants	
Accountability	Uncertified Applicants	
Development Services	Uncertified Applicants	
<b>Section II:</b>		
Target Market Needs & Strategy	Uncertified & Certified Applicants	Low Risk, Medium Risk, or High Risk
Organizational Capacity	Uncertified & Certified Applicants	
Management Capacity	Uncertified & Certified Applicants	

1) Section I Review (Uncertified CDFI Applicants)

During the Section I Review, CDFI Fund staff will evaluate each Uncertified CDFI Applicant’s plan to achieve CDFI certification within three years (four years for NACA Program Sponsoring Entities) as outlined in its Section I narrative responses. If an Applicant is a prior TA recipient, CDFI Fund staff will evaluate its plan to achieve certification by the date set forth in the Assistance Agreement for the prior TA award. Specifically, Applicants will be evaluated on their plan to meet the following five of the seven required certification criteria:

- Has a primary mission of promoting community development;
- Is a financing entity;
- Primarily serves one or more Target Markets;
- Maintains accountability to its defined Target Market; and
- Provides Development Services in conjunction with its financing activities.

Uncertified CDFI Applicants must receive a rating of Low Risk or Medium Risk in the Section I Review in order to advance to the Section II Review.

CDFI Fund staff reviewers will use the evaluation criteria included in Table 2 below to complete the Section I Review.

<b>Table 2. Section I Evaluation Criteria</b>	
<b>CDFI Certification Requirements</b>	<b>General Reviewer Guidance</b>
Primary Mission	<ul style="list-style-type: none"> <li>• Does the Applicant's current or proposed Financial Products and/or Financial Services support the Applicant's primary mission of community development?</li> <li>• Does the Applicant provide evidence that it primarily serves or will serve low-income, distressed, and/or underserved people or communities?</li> </ul>
Financing Entity	<ul style="list-style-type: none"> <li>• Based on the information provided, is the Applicant's predominant business activity the provision of Financial Products and/or other similar financing?</li> </ul>
Target Market	<ul style="list-style-type: none"> <li>• Does the Applicant serve or intend to serve one or more Investment Areas and/or Targeted Populations?</li> </ul>
Accountability	<ul style="list-style-type: none"> <li>• Does the Applicant demonstrate that it maintains or intends to maintain accountability to its current or proposed Target Market through board representation?</li> </ul>
Development Services	<ul style="list-style-type: none"> <li>• Does the Applicant demonstrate that it provides or plans to provide Development Services that support its Financial Products?</li> </ul>

2) Section II Review (All Applicants)

During the Section II Review, CDFI Fund staff will evaluate each TA Applicant's strategic goals; qualifications and capabilities of management and key staff; partnerships; financial performance; and organizational impact. CDFI Fund staff will consider each Applicant's Section II narrative responses as well as other data provided in the Application.

Uncertified CDFI Applicants that progress to the Section II Review and Certified CDFI Applicants must receive a rating of Low Risk or Medium Risk in the Section II Review in order to advance to Step 4, Final Award Decision.

CDFI Fund staff reviewers will use the evaluation criteria included in Table 3 below to complete the Section II Review.

<b>Table 3. Section II Evaluation Criteria</b>	
<b>Evaluation Areas</b>	<b>General Reviewer Guidance</b>
Target Market Needs & Strategy	<ul style="list-style-type: none"> <li>• Do the Applicant’s strategic goals effectively address organizational sustainability as well as Target Market needs and challenges?</li> <li>• Evaluate the Applicant’s progress toward achieving its strategic goals.</li> <li>• If the Applicant is a prior TA recipient, evaluate how it used its TA award(s) to achieve its strategic goals.</li> <li>• Evaluate the Applicant’s impacts in its Target Market.</li> <li>• Evaluate the Applicant’s current and/or proposed work with other organizations to increase resources for its Target Market.</li> </ul>
Organizational Capacity	<ul style="list-style-type: none"> <li>• Does the Applicant demonstrate that the requested TA award will build its capacity to serve its Target Market and achieve CDFI certification, if applicable?</li> <li>• For NACA Program Sponsoring Entity Applicants, evaluate the Sponsoring Entity’s plan to create a separate legal entity and to support an emerging CDFI in achieving CDFI certification within the required timeframe.</li> <li>• Evaluate the Applicant’s financial health and portfolio quality to ensure minimal financial safety and soundness.</li> <li>• Does the Applicant demonstrate that it has a plan for obtaining the necessary financial support to achieve its strategic goals?</li> <li>• Does the Applicant identify risks and corresponding mitigation strategies related to its ability to expend the requested TA award and achieve its strategic goals?</li> </ul>
Management Capacity	<ul style="list-style-type: none"> <li>• Does the Applicant demonstrate that its management and key staff have the necessary experience and expertise to carry out its strategic goals and effectively use the requested TA award?</li> </ul>

**Step 4: Final Award Decision**

The final step of the TA Application review process is the Final Award Decision conducted by the Selecting Official and Reviewing Official, if applicable. The Final Award Decision does not include a scoring component.

The Selecting Official will review all TA Applications to ensure adherence with the CDFI Program’s policies and procedures as well as applicable Federal regulations. The Selecting Official also reviews a variety of compliance, eligibility, due diligence, and regulatory matters. This due diligence includes an analysis of programmatic and financial risk factors including, but not limited to, financial stability, history of performance in managing Federal awards (including timeliness of reporting and compliance), reports and findings from audits, and the Applicant’s ability to effectively implement Federal requirements. For Uncertified TA Applicants, the CDFI Fund will also evaluate the Applicant’s ability to meet certification criteria of being a legal entity and a non-government entity.

Based upon the due diligence performed, the Selecting Official has the authority to agree or disagree with the initial award recommendation. If the Selecting Official disagrees with the initial award recommendation, the review will be sent to a Reviewing Official to provide a final decision. The Selecting Official or Reviewing Official, if necessary, will approve award determinations based on the CDFI Program and NACA Program FY 2019 appropriation, the FY 2019 NOFA, and the program regulations. All TA Applications that are approved by the Selecting Official or Reviewing Official, if necessary, based on the final due diligence conducted in this step, will be funded. Upon approval by the Selecting Official or Reviewing Official, if necessary, CDFI Program and NACA Program TA awards are deemed final.