

the power of association

THE COMMUNITY
DEVELOPMENT
FINANCE ASSOCIATION

A trade association for
community development
finance institutions

community development finance

BRITAIN'S POOREST COMMUNITIES URGENTLY NEED INVESTMENT

To help make this happen, we need to transform the scale and effectiveness of the organisations which channel capital into under-invested communities.

Community Development Finance Institutions (CDFIs) are a new financial instrument for social, economic and physical renewal in these communities. They are sustainable, independent organisations that provide financial services with two aims: to generate social and financial returns. They supply capital and business support to individuals and organisations that are often refused these services by banks.

There are an increasing number of examples around the country where CDFIs have provided capital in ways that have enabled enterprises to grow, add value and create jobs. The problem is that this investment has not happened on anything like the scale needed to make a sufficiently large impact on our most under-invested communities.

US experience shows that a strong trade association is vital to the growth and development of the sector. A trade association sets financial and social performance standards, liaises with government and raises the profile and capacity of the sector.

That is why we are creating the Community Development Finance Association (CDFA), with the aim of expanding the sector's asset base fourfold in the next five years.

mission

The CDFA's mission is to grow, promote and strengthen the CDFI sector by becoming a centre for excellence for all issues affecting CDFIs.

Its goals include, excellent services to members; growth in the size and diversity of the sector; improved and sustained the performance levels of CDFIs; enhanced reputation for CDFIs; and to influence the policies of key stakeholders.

SERVICES

The CDFA will offer the following services:

- Capacity building; including training, an annual conference, seminars, workshops and consultancy.
- Networking and information exchange; including web-based and other communication services.
- Development of benchmarks; including an annual 'state of community development finance' report.
- Research and the identification of best practice; including a CDFI 'operator's kit'.
- A united voice to government and other stakeholders.
- Building investor and business support relationships.
- In the medium term, possibly wholesale financial services.

membership

Membership is open to organisations which meet agreed CDFI criteria. In addition, new members striving to meet these criteria may be registered for up to three years. Paying supporters are also welcome.

CDFI membership is for organisations which have as their primary mission community or economic development within disadvantaged communities. A significant proportion of the organisation's activities must be financial service provision and they must demonstrate responsible lending practices, including having a plan for long term sustainability. Members must also be independent and demonstrate accountability and transparency to their target communities.

Membership fees will be charged as follows:

CDFI and New Members

Loan fund size	Fee
<£1 million	£250
£1-3 million	£500
>£3 million	£750

Supporters

Individual	£30
Voluntary organisation	£100
Private sector	£1,000

funding

Start-up funding of £334,000 for the first two years of the CDFA has come from the Small Business Service's Phoenix Fund plus £45,000 in initial sponsorship by banks.

CDFA income from members' subscriptions and fees for services is estimated to account for 40 per cent of an estimated £2.7 million budget in the first five years of operation.

sponsorship

The CDFA seeks sponsorship from organisations with an interest in seeing a larger flow of community development capital. Three levels of sponsorship are possible: £5,000, £10,000 and £20,000 per annum.

Sponsors will be able to input to the development of the CDFA and to work closely with CDFIs as their activities increase. They will also receive important branding opportunities.

information

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