

Program and Impact Evaluation for CDFIs

A practical approach to connecting CDFI activity with community outcomes.

Good evaluation starts with decisions CDFIs need to make. It clarifies the results the organization seeks, gathers credible evidence at a feasible cost, and puts findings to work in programs and investment strategy.

Clarify Purpose: Identify the questions evaluation should answer: accountability, program improvement, investment decisions, community outcomes, growth, something else.

Map Paths to Change: Use theories of change and logic models to connect resources, lending and services, immediate outputs, and longer-term outcomes. Lay out key assumptions and external influences.

Identify Meaningful Outcomes: Define what should change for borrowers, residents, businesses, and communities. Select measures aligned with mission and realistic time horizons.

Test Connections: Specify how each activity could contribute to an outcome, then decide what evidence would support that connection; i.e., loan counts alone don't necessarily establish business stability or housing affordability.

Build Practical Measures: Turn concepts into indicators, data sources, data collection activities, and analysis plans. Use existing administrative data where possible; add surveys, interviews, or focus groups when necessary; and identify relevant comparisons or benchmarks when practical.

Analyze and Learn: Examine what changed, for whom, and under what conditions. Interpret quantitative findings alongside the experiences of borrowers, staff, and community partners.

Tell Compelling, and Accurate, Stories: Share findings in ways best suited to leadership, staff, funders, investors, policymakers, and communities. Distinguish observed results from plausible contributions and unanswered questions.

Examples of CDFI Activities and Potential Outcomes

CDFI Activity	Potential Outcomes
Small Business Lending and Technical Assistance	Business Stability, Growth, Market Competitiveness, and Employment
Affordable Housing Financing	Preservation, Affordability, and Resident & Neighborhood Stability
Community Facility Investment	Access to Essential Services

Guiding Principles: Measure what matters; be clear about what the evidence suggests and leaves uncertain; communicate findings for the right audiences.