CDFIs Making History Interview

Nancy O. Andrews
President and CEO, Low Income Investment Fund (LIIF)

Mark Pinsky, President & CEO of OFN, conducted this interview on August 18, 2014.

Mark: I want to ask you this question and you know, is there one, or two, or three moments, ideas, events, achievements, results, that really stands out to you at any point in the last you know, might be yesterday, might be thirty years ago, that really shaped, defined, had great meaning for you in the field? You obviously bring a rich and deep and long perspective of this.

Nancy: So I think for me one of the big moments for the industry and for the field, really came maybe three or four years ago when I personally began to understand that we were at a point of convergence. And that achieving the mission of the field was a great deal more than just working on physical environment. That it really was a combination of human investment as well as community investment. And I believe that this industry needs to go through a paradigm shift in the way we think about the model of the work that we do. And that in addition to that we really can be at the lead of a new way of thinking about achieving social objectives in the U.S.

So for me that was really a defining moment for the industry and I think that idea has been extremely well received and has been powerful and has been influencing really very much the future of the way we put the programs together that are so important to mission.

I think that just focusing on communities, on place, on physical infrastructure, on economic infrastructure is insufficient. And there has to be a reuniting, if you will, of some of the very original threads that came out of the original War on Poverty. And I think that we are beginning to, and will continue to, see that paradigm shift evolve over the next decade. So for me that was really it. And of course for us we were in the bull’s eye on that, particularly with the publication of the What Works book and the What Works initiative.

Mark: What made that happen? What made it come together, for you and for others? Because there was this surge of activity and interest. What was the underlying realization?
Nancy: I think there has always been a hunger on the part of our movement to do the best that we could for the people and the places that we care about. OFN has been thirty years on the ground but this movement has been at work for forty or fifty years. And as we have gone, we have learned. And some things we do work and some things we do work less well and some things we do don't work. And we have been culling through that and learning the lessons.

In addition to that there has just been a ton of knowledge that has emerged in the last four or five years about what works. Most of that knowledge comes out of some of the very original programs that were established in the War on Poverty. They have now been evaluated with strong controls, and we have a much better understanding than we did four or five decades ago about what really works.

And so there has been knowledge that has come on to the scene. And taking that knowledge on board, but also our practical experience about things that have taken off versus things that have not, created a feeling of we need to be doing things a little differently than we have in the past. And there's something missing, and what is that?

And I think what was missing was that we only had a piece of the puzzle in the community investment side of things, we just got a piece of the puzzle. And so to really do our jobs well we have to join in or align with others that fill in other parts of the puzzle.

So I think it took off, I think the idea created a big resonance because there is a hunger for understanding what works and there is an incompleteness about what we have traditionally done. And then there's been new knowledge that has come on to the scene. And just putting all of those pieces together, the time was right for us as a field to begin thinking a little bit more holistically and a little more broadly about what we are trying to achieve.

Mark: What you really have done, which is great is answer my last question, which is what do you think is important for the future?

Nancy: I really think that it's following and developing this more holistic view that takes on board the latest information, the latest knowledge, and the strength of our developing practice.

We are far better at doing stuff than we were thirty years ago. I don’t know what [Low Income Investment Fund] LIIF’s assets would have
been thirty years ago, but it would have been somewhere in the two million dollar range.

Mark: Yeah.

Nancy: You know, and now all together, we have access to about a billion dollars in capital.

Mark: Yeah.

Nancy: And we have deployed about one point six billion. So we have really grown quite substantially.

Mark: You played a really important role in the early, earliest days of, at least, this organization and before, really. But at the Ford Foundation or later at the CDFI Fund, and I just wonder if there are perspectives you have from those experiences that, as you reflect on them now, were key in some way to what made it possible for us to get... or for individual CDFIs to get from two million dollars—which seemed like a lot of money one upon a time Nancy—to, you know, a billion dollars.

Nancy: Yeah well several things I think, Mark. One is—and you were personally very involved in this—is the creation of the CDFI Fund at Treasury. It's really hard to overstate the impact that program has had on our ability to grow in a safe and sound way. Because that program really focused on delivering resources that grew our equity and our capital base, we were able to leverage our size and our scale. And we could do that with you know, a sense of safety and with a sense of soundness.

So in terms of the growth of the field, the sheer numeric growth of the field I think that it's impossible to overstate how important the presence of the CDFI Fund resources are.

Second, I think the second structural thing that's been crucial for the growth of CDFIs is the resonance that we have with Community Reinvestment Act goals. But for the Community Reinvestment Act, I don't think our capital resources would be anywhere near where they are today.

The CDFI fund grant money allowed us to grow the equity base, that equity base allowed us to grow capital, borrowed capital, and capital pools, and capital funds that we couldn’t have achieved otherwise.
So structurally those two things are really, I think the drive behind and continue to the drive behind the scaling of the industry. Surely the foundation support, seeding the early ideas, allowing the very early work of CDFI ideas to get resonance and get up and running and off the ground was really important. But quickly the scale of the industry exceeded the giving capacity of philanthropy. And we are very much more aligned now with the regulated capital institutions, as opposed to being entirely philanthropic.

Mark: I want to see if there's anything else after I kept you on that long I want to mind your time and see if there's anything else you want to reflect on.

Nancy: I think OFN has just played a huge role in being the standard bearer and shining a light on what works and on the growth and the success of the industry. I think, Mark, you've just been a hugely important leader to us. It's really hard to overstate...

Mark: That's kind, thank you.

Nancy: ...how important your leadership has been and your encouragement for the field. I just, I don't want to get off the phone without making it clear that this is not just because a whole bunch of CDFIs did a really good job and grew. It also had to do with leadership, with advocacy, you know the policy work that you and others have done, it's just been extraordinary.

We have high hopes for the [CDFI] Bond [Guarantee Program]—we're going in this year—but I know the uptake on that has been less than a lot of people hoped for. But nevertheless just think about the importance of a resource like that. And I think those kinds of things are truly transformational.

You know Mark, I remember way back, I don’t even know if you will remember this but there was, when I was still on the board, there was a strategic planning session that you did. Kathy Stearns was still with the company and I think it was Alex Moss who was planning. And we talked, at that point we talked about scales, scaling up, you know? When you think about something like the CDFI Bond, I mean that’s a pretty big scale [LAUGHS].

When you look at the growth you know, the extraordinary, you know as you call it opportunity multiplied, you know that’s extraordinary scale. And take a look at almost any social movement anywhere in the
world and I think that what has happened with community capital in the United States shines very, very brightly among all of the examples of social activism and positive social movements around the world. And frankly I don’t think there’s anything like it anywhere else in the world.

I don’t mean to be chauvinistic, but I really do think it stands out. The alliance between private interest, between public interest, between NGO and non-profit interest is really quite extraordinary. OFN has been a big big part of leading that and shaping division and delivering the resources that made it possible.