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The John D. and Catherine T. MacArthur Foundation

Wachovia NEXT Awards for Opportunity Finance

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Good afternoon. This is Debra Schwartz. I am delighted to speak with you on behalf of the John D. and Catherine T. MacArthur Foundation about our support for the ground-breaking program we are announcing today: the Wachovia NEXT Awards for Opportunity Finance.

Opportunity Finance plays a key role in two areas that are top priorities for the MacArthur Foundation: affordable housing and community and economic development. In both of these arenas, Community Development Financial Institutions, CDFIs, use their mission-driven capital and financial expertise to unlock opportunity and help more entrepreneurs and nonprofits build and preserve affordable homes, create jobs, and bring vitality to the places where low-income and low-wealth people live and work.

MacArthur is proud to have played a leading role in building this remarkable field. Since 1983, we have invested nearly a quarter billion dollars in CDFIs and related research and policy projects. Working together with many valued colleagues in the philanthropy and banking sectors, we have seen visionary leaders build solid institutions, drive policy change, and deliver community-oriented results that far outstrip what we might have imagined 15 or 20 years ago.

Today we can proudly say that the basic “proof of concept” for CDFIs is in hand. Opportunity finance works, as my partners in this new program have explained so well.

We also see a clear and enduring need for opportunity finance . From redlining and a lack of credit thirty years ago, to extremely loose, high-risk credit that is taking such a heavy toll today, financial challenges for low-income and disadvantaged communities shift over time, but persist nonetheless. Some problems get solved, but new ones crop up, requiring new attention and new solutions.

This makes CDFIs all the more important. At their best, CDFIs work like perpetual “R&D” labs -- rooted in the community, alert to market shifts and emerging gaps, generating creative strategies to overcome financial obstacles, and scaling them up to bring more and more people into the economic mainstream.

When we began our work with CDFIs nearly 25 years ago, very few had more than \$10 million in total assets. Today several Foundation-backed groups make loans and investments totaling \$100 million or more in a single year.

But success also brings new challenges. To reach a truly meaningful level of impact and to achieve lasting financial strength, many CDFIs are pursuing dramatic expansion, new ways of operating, and new mechanisms for tapping mainstream capital markets.

Recognizing the sea-change that was taking hold in this successful, maturing field, the MacArthur Foundation has reflected on the possibilities and challenges that lie ahead. In our view, the next big question for opportunity finance is not whether CDFIs are effective or vital institutions. Rather, it is how to build the ranks of the field's top performers -- how to ensure that we have enough CDFIs with the scale and staying power to sustain the financial benefits and innovations that so many communities will continue to need well into the future.

Attracting more capital, more support and more talent to all of the promising and successful CDFIs working across the United States truly is the next big challenge for the opportunity finance field. This is what the Wachovia NEXT Awards are all about. And we are proud to join forces in this meeting this challenge with our partners: Wachovia and the Opportunity Finance Network.

We invite all eligible CDFIs to apply for the awards we are unveiling today. The competition will be stiff. But we know that our distinguished selection committee will do a terrific job in choosing two exceptional CDFIs for these substantial "game-changing" investments.

The enterprising, mission-driven CDFIs that receive these awards will have track records that impress and inspire. Their vision for the future will be compelling and bold. Their commitment to economic opportunity and security for all will be deep and unwavering.

We invite all of you to return in December to hear the remarkable stories of the very first recipients of the Wachovia NEXT Awards for Opportunity Finance.

Thank you.

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