OPPORTUNITYFINANCE NETWORK

The OFN CDFI Capital Solutions Accelerator: Field Learning from the Inaugural Cohort

Innovation as a Practice in Resource-Constrained CDFIs

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About This Paper

This white paper documents field-level learning from the inaugural cohort of the OFN CDFI Capital Solutions Accelerator, a six-month structured innovation development program for Community Development Financial Institutions (CDFIs). The paper is written for peer nonprofits, intermediaries, technical assistance providers, funders, policymakers, researchers, and institutional partners working to support innovation in mission-finance contexts. Its purpose is to translate one program's experience into observations that can inform how others design, fund, and engage with similar work.

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Scope and Boundaries

The findings in this paper draw on one program: a single six-month accelerator with seven participating organizations—five CDFIs and two mission-aligned organizations from adjacent parts of the community development ecosystem—all working on innovations in the capital domain (new mechanisms for accessing, structuring, or deploying capital), all selected through OFN's process, and all operating in the U.S. community development finance sector. The paper makes claims grounded in that experience. It does not claim to describe CDFI innovation comprehensively, to compare accelerator-style programming with alternative approaches, or to predict long-term outcomes for the participating innovations after the program concludes. A fuller treatment of these limits appears later, in the section titled "What Remains Unanswered."

A Note on Anonymization

All participant examples have been anonymized or composited. No participating organization is identified by name. The examples are drawn from program experience, but they are abstracted to the level needed to convey field-relevant learning while protecting organizations whose innovations are still in development. The authors adopted this approach because the work documented here is mid-journey rather than finished. Naming organizations whose innovations are still being tested would create reputational and funding risk that the field cannot yet absorb. Anonymity enables more honest documentation.

Acknowledgments

This paper draws on the work of many contributors. The authors acknowledge: the seven participating organizations whose engagement made this learning possible; the funders whose support enabled the inaugural cohort; the OFN Program Team whose stewardship shaped the accelerator throughout; the subject-matter experts who led learning sessions and provided technical assistance; the Innovation Allies who held space for between-session accountability; the Demo Day evaluation panel; and the EQALL team that conducted assessments and prepared this document.

Executive Summary

The OFN CDFI Capital Solutions Accelerator was designed to provide structured, sustained, expert-supported development for early-stage capital innovations inside resource-constrained Community Development Financial Institutions. This white paper documents what the program's inaugural cohort revealed across six months of engagement with seven participating organizations.

The contribution is not a set of program success metrics. It is a contribution to how the field understands innovation itself—what it actually requires, where it reliably gets stuck, and what kinds of support move it forward. Three observations sit at the center:

1. *Innovation in resource-constrained CDFIs is a practice, not a project*. It is an ongoing discipline: testing assumptions, generating evidence, narrowing scope, and iterating without pretending more certainty than the work has earned. The accelerator demonstrated this in its participants' experience—and in the program's own, which required revising three core operating assumptions while the cohort was running.
2. *Operational capacity, not innovation concept, was the strongest predictor of progress*. The factor that most reliably distinguished organizations advancing their innovations from those maintaining them was dedicated internal capacity—specific people with protected time and authority to work on the innovation as a distinct piece of work.
3. *The maturity of an innovation shows up as a profile of unevenness, not a single score*. The program's Solution Readiness Level framework, which scores ten criteria independently, made visible what composite scoring would have hidden: an organization can have robust clarity about the problem it is solving but no monitoring plan in place. The more useful question is not how ready an organization (or its solution) is, but which specific gaps are blocking the next step.

The paper also documents how self-assessment and outside assessment systematically diverge, why governance clarity—defined as the alignment of decision rights, accountability, and risk ownership—functions as a prerequisite rather than a peripheral detail, what productive peer learning requires, and why CDFI innovation timelines routinely exceed conventional grant cycles. It offers a working framework distinguishing organizational adoption, contextual adaptation, and frontier innovation—categories that deserve different kinds of support but are routinely conflated.

These findings matter now because federal funding has become less reliable, demand for CDFI capital continues to outpace supply, and the field is being asked to develop new mechanisms in an environment less forgiving of stalled progress than it has been in years. The paper closes with a section titled "What Remains Unanswered," offered as a shared field agenda rather than a private OFN concern.

Innovation in this sector advances through honesty, sustained support, and iteration. This document is offered as a contribution to that advancement.

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1. How OFN Built (and Rebuilt) the Accelerator

This section sets the context for everything that follows. It begins with a short orientation for readers new to community development finance, explains why OFN launched the accelerator now, describes the program as it was originally designed, and then tells the honest story of how three of the program's working assumptions had to change while the program was running. The purpose is to give readers the background they need to use the rest of the paper, and to model the same iterative practice the paper recommends to others.

CDFIs Provide Opportunity for All

Community Development Financial Institutions, or CDFIs, are mission-driven lenders that finance people, businesses, and projects that conventional lenders traditionally do not. They include community development banks, credit unions, loan funds, and venture capital funds. They make loans to small business owners turned away by conventional lenders, finance affordable housing in communities that banks have left, and provide capital to entrepreneurs in rural towns, urban neighborhoods, and Native communities.

Across the United States, there are more than 1,200 CDFIs that are certified by the U.S. Treasury's CDFI Fund. Together, they manage more than $222 billion in assets and play a vital role in expanding economic opportunity in low-wealth communities. CDFIs also serve as trusted intermediaries for public and private investment, leveraging approximately $8 in private capital for every $1 of public funding.

Opportunity Finance Network, founded in 1986, is the leading national network for CDFIs. Its members have collectively provided more than $136 billion in financing, supporting more than 3.8 million jobs, more than 1.2 million businesses and microenterprises, and more than 3 million housing units across the country. OFN sits at the center of the field as a convener, a policy voice, an intermediary connecting CDFIs to capital, and a source of shared learning across the sector.

The Capital Pressure CDFIs Face

CDFIs fill a real gap in American finance by stepping in where traditional lenders step back. Using flexible underwriting and pairing financing with technical assistance, they enable borrowers in low-wealth communities to access and repay capital responsibly. Delivering on this mission requires patient, flexible, and affordable capital. CDFIs need to attract lending capital, as well as grants to support operations. They rely on a mix of funding sources, aggregating funds from federal and state programs, foundation grants and program-related investments, banks, and individual investors. For CDFI loan funds in particular—which cannot take deposits—this external capital is essential.

According to the Federal Reserve Bank of Richmond's *2025 CDFI Survey Key Findings Report*, demand for CDFI financing continues to grow. However, the supply of mission-aligned capital is increasingly constrained. As identified in OFN's *Member Capitalization Patterns and Trends (2020-2024)*, bank financing and federal programs remain the primary funding sources of lending capital for many CDFIs. Federal funding is particularly critical because it is often more flexible and lower cost than other sources of capital.

Recent political and economic shifts have increased pressure on both of these key funding sources. During the COVID-19 pandemic, CDFIs experienced a surge in funding as they served as economic first responders, delivering relief to small businesses and communities. By 2025, however, much of this temporary funding had dwindled. At the same time, policy changes introduced new uncertainty in federal support. The CDFI Fund, which has been a foundational source of equity capital and operating support for the sector since 1994, has faced operational disruptions, delaying awards and creating uncertainty about future funding levels. CDFIs are also navigating a high-interest-rate environment. Compared with recent years, banks have increased borrowing costs for CDFIs and, in some cases,

shortened loan terms, making bank capital less attractive. As a result, CDFIs must choose whether to accept less favorable terms and pass those costs onto their borrowers or reduce their lending activity.

OFN launched the CDFI Capital Solutions Accelerator in this context to help CDFIs adapt to these changing conditions and strengthen their financial resilience. The program calls on CDFIs to both innovate and to scale existing solutions that preserve access to capital for end borrowers by diversifying funding sources, attracting new investor types, increasing liquidity, and/or identifying other ways to increase the efficiency with which capital flows through CDFIs.

1.1. OFN's Role and the Accelerator's Theory of Change

OFN's position in the CDFI sector is one of the conditions that made this program possible. As a network with nearly 500 member CDFIs, OFN sees real-time patterns across the field that individual organizations cannot see from inside their own work. As an intermediary, it has long-standing relationships with funders, regulators, and policy partners. As a convener, it has the capacity to bring CDFIs together for sustained, structured engagement to develop and disseminate solutions.

The CDFI Capital Solutions Accelerator is the inaugural program of OFN's CDFI Innovation Initiative, which OFN's CEO, Harold Pettigrew, has described as part of a "third wave" of community development finance—a period focused on developing new approaches to capital access, financial products, operational efficiency, and data-driven decision-making. The Innovation Initiative is a sustained investment to institutionalize innovation, enabling CDFIs to experiment and scale new tools and actionable models to solve the field's most persistent challenges.

The CDFI Innovation Initiative is organized around four foundational areas: capital solutions, financial products, technology and operational efficiency, and data, systems, and analytics. The Capital Solutions Accelerator addresses the first area. Its purpose is to advance new mechanisms for how the CDFI industry accesses and structures the funding they need to operate and grow.

The accelerator's theory of change rests on a straightforward premise: CDFIs are constrained not only by capital but by the capacity to develop alternatives to the capital they have. Promising innovations exist in the early stages of development across the sector, but they lack the structured support, expert feedback, peer accountability, and funder visibility needed to advance from concept to implementation. The accelerator was designed to provide that scaffolding.

1.2. Initial Program Design

Before describing how the program changed during its first cohort, it is useful to describe how it was originally built. OFN selected organizations through a competitive application process, assessing the quality of the proposed solution, the organization's commitment to its pursuit, and the solution's potential to be adopted or replicated by the field. The selected organizations would participate in a program that had four core design elements: a multi-criterion readiness assessment, a cohort-based peer learning architecture, expert technical assistance and funder access, and a capstone Demo Day.

Each organization also worked within a structured Innovation Roadmap—a working document that captured their innovation's current state, key assumptions, open questions, and near-term development steps. The Roadmap served as the connective tissue between assessments, giving both the organization and the program team (OFN and its implementation partner, EQALL) a shared reference point for tracking progress between formal touchpoints. The goal of the program was to increase the maturity of each organization's innovation through a formalized innovation process and to help them define and prepare for the next stage of piloting and advancing the innovation.

1.2.1. A Multi-Criterion Readiness Assessment

At the center of the program was a ten-criterion Solution Readiness Level (SRL) rubric—a bespoke assessment framework developed specifically for this program. The SRL borrows its structural logic from the Technology Readiness Levels long used in defense and aerospace research but adapts the approach to the specific demands of capital innovation in the context of mission-driven finance. The rubric contains ten criteria, each of which is scored independently on a seven-point scale, producing a maximum total of 70 points. The ten criteria are listed below.

SRL Criterion	What it asks
Clarity of Objectives	Is the innovation clearly defined, including what it is trying to accomplish?
Defined Action Steps	Is there a concrete sequence of next steps that would move the innovation forward?
Resource Planning	Are the people, time, and money required for development identified and accounted for?
Stakeholder Engagement	Are the right partners, borrowers, and external relationships in place?
Scalability/ Replication	Can the innovation grow beyond its current scope or be adopted by other organizations?
Risk and Mitigation	Have key risks been identified, and is there a plan to manage them?
Monitoring / Evaluation	Is there a way to measure whether the innovation is producing the intended results?
Capital Structure Innovation	Does the innovation introduce a genuinely new approach to how capital is structured, sourced, or deployed?
Market Validation	Is there evidence that the intended users will actually engage with the innovation as designed?
Regulatory/ Compliance	Have legal, regulatory, and compliance requirements been identified and addressed?

The seven-point scale works as follows:

- A score of 1 (Not Addressed) means the criterion has not been engaged with at all.
- A 2 (Beginning) indicates a basic attempt with significant gaps remaining.
- A 3 (Developing) reflects visible progress but meaningful refinement is still needed.
- A 4 (Adequate) means the criterion is generally met, with room for further development.
- A 5 (Proficient) indicates clear, well-evidenced performance.
- A 6 (Exemplary) reflects work that exceeds expectations with comprehensive depth.
- A 7 (Exceptional) represents innovation leadership—the highest level of rigor, creativity, and evidence.

In practice, most early-stage innovations in the cohort scored between 2 and 5 on most criteria at program entry, reflecting genuine early-stage development rather than organizational weakness.

To track each innovation's development across these criteria over time, three structured assessment conversations were designed: an assessment at program entry (Baseline), at midpoint (Mid-Point), and at conclusion (Final). Total scores across all ten criteria are grouped into four readiness bands, which give a quick orientation to where an organization's innovation sits in its development arc:

> **Early Stage (1–28 points):** The innovation is at a conceptual stage; significant foundational development is needed across most criteria before meaningful assessment of progress is possible.
>
> **Adequate Development (29–38 points):** The innovation is underway, but several key areas require substantial additional work before it is ready for outside evaluation or resource commitment.
>
> **Strong Foundation (39–48 points):** Core elements to pursue the innovation are in place with meaningful progress across most criteria; targeted development in specific gaps will accelerate readiness.
>
> **Innovation-Ready (49–70 points):** The innovation is well-defined, evidence-supported, and positioned to move toward implementation or funding conversations.

These bands are orientation tools, not verdicts. An "Early Stage" score at the Baseline assessment reflects where an innovation is at the start of a structured development process, not where it will be at the end. The three-assessment design served two purposes: it produced data the program could use to identify patterns across the cohort, and it created two repeated checkpoints that gave organizations a reason to keep moving between sessions. EQALL, OFN's program partner, conducted all assessments throughout the program.

1.2.2. A Cohort-Based Peer Learning Architecture

The program used a cohort model as its primary teaching mechanism, designed specifically to enable peer learning among organizations facing related challenges. Seven organizations—five CDFIs and two CDFI-serving organizations—working on related but distinct capital innovations would, in theory, create the conditions for the recognition of shared patterns, the exchange of hard-won operational insight, and the identification of partnerships that would not surface through ordinary field contact.

The original assumption was that proximity, shared identity, and a shared programmatic context would be enough to make peer exchange productive. Cohort members would meet regularly, work alongside each other, and develop the relationships that enable candid exchanges to happen. As Section 1.4 will describe, the program team learned during the cohort that the conditions for productive peer learning required much more deliberate design than anticipated.

1.2.3. Expert Technical Assistance

Each cohort organization received access to dedicated technical assistance from subject-matter experts matched to the development needs revealed by their assessment profile. These subject-matter experts were made available to them for individual booking.

As the program moved into its final version, the plan was modified from the original design. In the original design, expert speakers and formal learning modules were presented alongside scheduled sessions in which subject-matter experts would deliver content to the cohort that was supplemented by individualized meetings with those same subject-matter experts. The assumption was that this combination of group content and individual support would address both the shared and the distinct development needs across the cohort. As Section 1.4 will describe, this assumption also had to change.

1.2.4. Demo Day as a Capstone Forcing Function

The program included a capstone event, "Demo Day," in which organizations presented their innovations—and their next stage of piloting—to an independent panel of judges. The judges assessed each organization's live presentation across four dimensions:

- Innovation Sophistication (how genuinely new the innovation is),
- Implementation Readiness (how prepared the organization is to put the innovation into practice),
- Community Impact Potential (the depth and breadth of community benefit if the innovation succeeds), and
- Sector Advancement (how much the innovation contributes to the broader CDFI field).

The purpose of this capstone event was threefold: first, to push the organizations to clearly articulate and defensibly market their idea, which created a byproduct of greater internal understanding of what is being accomplished and how; second, to enable each organization to receive feedback on their innovation from other experts in the field; and third, to give visibility to the organizations' ideas, which could lead to funding, partnerships, or other types of opportunities.

1.3. How the Program Evolved: Three Pivots in Real Time

As the inaugural cohort progressed, the working hypotheses on which the accelerator had been built met the operational realities faced by seven organizations operating in capacity-constrained environments. Three of those hypotheses required real-time revision. The program team documents the pivots here not as design failures but as the practice of applied innovation, in this instance, to the program itself.

The pivots were shaped by a dynamic that organizational behavior research has long documented: innovation within an established institution is fundamentally different from innovation in a startup or entrepreneurial environment. Entrepreneurs can organize their time, resources, and attention around a single new idea. Intrapreneurs—people pursuing innovation inside existing organizations with existing missions, existing staff, and existing operational demands—must do so in competition with everything else the organization already does. Even when innovation is widely recognized as important, it rarely carries the urgency of an overdue loan payment, a compliance deadline, or a borrower in crisis. This is not a failure of commitment. It is a structural feature of how established organizations work. The program's pivots were, in significant part, a series of adjustments to fit this reality—recognizing that the organizations in the cohort were not building new ventures from scratch, but advancing new ideas from inside organizations already fully deployed in difficult markets.

1.3.1. Pivot 1: From Group Sessions to Between-Session Accountability

What the program team assumed: Monthly cohort sessions, structured assessments, and individualized technical assistance would provide sufficient accountability to keep innovation work moving between formal touchpoints.

What the program team learned: Organizations consistently arrived at each assessment having maintained their work rather than advancing it. Capacity constraints meant the innovation work was not happening unless something was actively holding the organization to it. The formal program calendar was not, by itself, a sufficiently effective accountability mechanism.

What the program team changed: The program team established "Innovation Allies," a structure that pairs each cohort organization with an advisor who combines subject-matter familiarity with an explicit accountability function. Innovation Allies work with their assigned organizations between formal sessions—keeping the innovation work salient, asking about progress in concrete terms, surfacing obstacles early enough to address them before they become blockers, and helping organizations prepare specific questions for their next formal touchpoint. The role proved to be one of the program's most consistently valued elements. In participant feedback, the Innovation Ally

relationship was frequently cited alongside peer exchange as among the highest-value program components. The Allies consistently reached out to each organization, creating discipline through structure and regular checkpoints, which was critical to driving progress. The technical expertise the Allies brought was of significant value in itself; however, their role as accountability partners was critical to ensuring that organizations engaged with and applied the expertise in meaningful ways.

1.3.2. Pivot 2: From a Single Readiness Score to a Readiness Profile

What the program team assumed: A composite Solution Readiness Score would give us a meaningful summary of organizational readiness—useful for tracking progress, comparing across the cohort, and communicating with funders.

What the program team learned: An organization with a strong overall score but a single critical gap, such as unresolved governance, an untested central assumption, or no documented monitoring and evaluation plan, was not, in fact, ready to advance. An organization with a lower composite but a clear and addressable set of specific gaps was much closer to a meaningful next step. In other words, the summary number was less useful than understanding exactly which criteria were high, which were low, and why.

What the program team changed: The program team reframed the SRL framework to produce a readiness profile across all ten criteria (as referenced in Section 1.2.1), each scored independently. Rather than treating the framework as a way to summarize an organization's standing, the program team used it to diagnose the specific places where progress was blocked. Technical assistance was matched to those specific roadblocks, not to general areas of weakness.

1.3.3. Pivot 3: From Speaker-Led Modules to Active Working Sessions

What the program team assumed: Live, formal learning modules with a common curriculum requiring participants to consume the information as a group at specific times would be an effective teaching mechanism.

What the program team learned: Generalized content had limited usefulness because the gaps blocking each organization's progress were highly distinct. Time spent listening to a presentation that only partially addressed an organization's situation was time that could have been spent advancing that organization's roadmap. Additionally, capacity constraints meant participants needed that time to make meaningful progress on their roadmap work. The synchronous format added burden without producing proportional learning.

What the program team changed: The program team restructured how the cohort spent its time together. Instead of speaker-led sessions, the monthly cohort time was used for breakout rooms led by subject matter experts in which roadmap work was completed in real time, with guidance, support, and input from one to two other peers. Cohort time became applied work time, as opposed to instructional delivery time. The breakout rooms created intentional opportunities for peer connection and feedback. Additionally, the program team replaced expert-led module delivery with podcast-style interviews with subject-matter experts. Participants could consume the content on their own schedule, in whatever increments they could manage. The format was self-guided rather than scheduled.

1.4. What These Pivots Revealed About Building Innovation Programs

Three pivots in a single inaugural cohort is not a small number. The pivots reflected an initial design that had overestimated participant fit with conventional program formats. Each programmatic correction involved meeting participants where they were rather than where the program had assumed they would be.

Innovation programs designed for resource-constrained organizations need to begin with a clear-eyed read of participants' capacity, not from a default assumption about how programs of this kind usually run. The default of monthly meetings, scheduled content, composite scoring, and cohort-as-natural-learning-environment may not serve this audience effectively. The discovered value of the accelerator to OFN's ongoing program design practices may lie in the three pivots themselves.

Innovation, in resource-constrained organizations and in the institutions that support them, should not be viewed as a project but as a practice. The patterns that this cohort surfaced—about readiness, capacity, peer learning, governance, and time—should be understood as the patterns that deploying this practice will consistently find.

2. What the Accelerator Revealed About CDFI Innovation: Observations and Patterns

The seven organizations in the inaugural cohort—five CDFIs and two CDFI-serving organizations—brought distinct innovations, different organizational profiles, and varied relationships to the idea of capital solutions. Across six months of structured engagement, certain patterns surfaced repeatedly. Some patterns were directly observed in this cohort and described here as program observations. Other patterns align with already documented experiences in the broader field, with this program adding evidence to claims that have independent grounding. The program produced the following working framework based on observations within the cohort. The framework is offered to the field for testing and refinement.

2.1. Observation: Readiness Shows Up as a Profile of Unevenness, Not a Single Score

Evidence basis: Direct program observation across the seven cohort organizations. These findings are likely to hold in similar contexts, but they will benefit from validation across additional cohorts and innovation domains.

Among the most practical findings from this cohort was that organizational readiness for innovation cannot be meaningfully reduced to a single number on a one-dimensional scale; the measurement requires a multidimensional scale to accurately represent the layers of complexity in innovation work. For example, an organization can demonstrate clarity about the problem it is addressing while having no monitoring and evaluation plan in place. The organization may have built strong relationships with core implementation partners while also having unresolved governance issues that halt progress. The organization may know exactly what it wants to build, yet lack the resources to do so and have no plan in place for immediate funding.

Across the cohort, the most striking thing in the assessment data was not the total scores but the diversity of the composites that made up those total scores. The scores were uneven from category to category. For example, the same organization that scored a six (out of seven) on Clarity of Objectives might score only a two on Resource Planning. The SRL framework, by scoring each criterion independently, made this unevenness visible and, therefore, actionable, creating the ability to identify the specific parts of a solution that need support.

Funders, conveners, and intermediaries who evaluate innovation readiness through composite scores or simple "ready/not-ready" judgments are asking an insufficiently precise question. The more useful question is: which specific criteria are strong, which are weak, and which specific gaps are impeding the next step?

In practice, data from the program's solution readiness assessments revealed three common types of development gaps that consistently blocked progress: gaps in articulation, validation, and scope.

2.1.1. The Articulation Gap

Several organizations were already doing meaningful innovation work before the program began. They had years of operational learning, informal processes, and real insight into problems that matter to the sector. They did not have fundamental gaps in the work itself; instead, they had gaps in the ability to describe the work in terms that funders, peer CDFIs, and external evaluation panels could evaluate.

This articulation gap is a problem of analytical framing, not of communications. Organizations deeply embedded in their operational realities have often not been asked to answer a specific set of questions about their work: What, exactly, is the innovation? What central assumption does it rest on? What would have to be true for it to function at scale? How is it different from what peer organizations are doing? What would count as evidence of success at twelve months? What would that evidence look like in five years?

Being asked these questions—repeatedly, with increasing rigor, over the course of six months—was among the program's most lasting contributions. **For several organizations, the most significant outcome was not the introduction of new knowledge but the structured construction of a clear framework for the knowledge they already had**. In multiple cases, organizational leaders left the program able to describe their innovation precisely and compellingly in under two minutes—a clarity that, in turn, could galvanize internal alignment, attract external interest, and propel early fundraising conversations.

2.1.2. The Validation Gap

The most consistently actionable finding from the assessment process was the confusion between organizational track record and evidence of innovation. Multiple organizations entered the program with strong evidence of the effectiveness of their existing programs: years of lending history, strong repayment rates, deep community relationships, and sophisticated market knowledge. This evidence was real and meaningful. In most cases, it was also evidence of the organization's established operations, not of the new, proposed mechanism.

Consider an organization with ten years of small business lending and a 99% repayment rate. That track record proves the organization can run its lending program well. It does not, *on its own*, prove that the same clients will invest their personal savings in a new financial product. It does not prove that institutional investors will buy loans from a standardized pool. It does not prove that banks will change their underwriting in response to CDFI technical assistance. Each of these is a separate claim that requires its own evidence.

To bring clarity to this differentiation, consider an analogy from a different domain. Michael Jordan's basketball career produced one of the most highly documented and high-achieving track records in professional sports history: six NBA championships and five MVP awards. When Jordan retired from basketball and pursued a career in professional baseball, however, little of this was relevant evidence of success in baseball. While some of his skills and experiences could transfer and increase the probability of success, Jordan's ability to play at the highest level of one sport did not prove he could hit a curveball, read a pitcher's wind-up, or perform under Double-A pressure. Baseball required its own evidence, generated through *baseball*. His final batting average at Double-A was very low. The track record did not transfer—because the claim had changed.

To guard against this fallacy, the accelerator introduced a discipline of asking, "What evidence do you have for this specific claim?"—applied to each assumption underlying a proposed innovation. It was uncomfortable but productive. In several cases, it surfaced that the central assumption of an innovation had never been tested. Naming that gap directly, without judgment, was one of the most valuable insights generated by the structured assessment process.

The reverse was equally true. Organizations that had generated real validation evidence—actual transactions, client behavior data, and external partner commitments—were substantially more persuasive to outside evaluators. The evidence-based organizations were not more capable than their

peers. They had simply done the specific work of testing their assumptions before treating them as proven.

2.1.3. The Scope Gap

A third recurring pattern was the tendency to pursue innovations that were, on examination, several distinct innovations operating under a single name. This is not a design error. It is a reasonable response to the size of the problem. The challenge of capitalizing a CDFI is large, and the solution space is correspondingly broad. Organizations that see the full set of possible solutions and try to build several pieces at once are responding to the scale of the need thoughtfully. They are also spreading developmental attention across more components than any one organization can validate within a realistic timeline.

Some of the most productive moments in the program occurred when an organization recognized that its innovation had become too complex and decided to simplify it. In every observed case, simplification strengthened the innovation rather than diminishing it—by focusing on the mechanism most likely to generate evidence to prove the central claim. This process removes dependencies on parts of a design that have not been validated, thereby producing a story that outside audiences can follow.

Simplifying an innovation is not a lowering of ambition. An organization that proves one mechanism with real evidence is in a stronger position to build the next piece of a larger solution, as compared to an organization that built three pieces in parallel and proved none of them.

2.2. Observation: Operational Capacity Emerged as the Strongest Predictor of Progress

Evidence basis: Direct program observation across the cohort, consistent with broader findings on CDFI capacity (Aspen Institute, 2023).

The most predictive factor of innovation progress across this cohort was not the quality of the innovation concept, the strength of the organizational mission, or the sophistication of the proposed mechanism. It was operational capacity: the ability to dedicate specific people, with protected time and adequate authority, to work on the innovation as a distinct project.

This finding will not surprise practitioners familiar with CDFI operating environments. The Aspen Institute's Business Ownership Initiative has documented for years the ongoing tension between the resources innovation requires and the operating budgets most CDFIs have. The accelerator confirmed this structural reality at the level of individual organizations and surfaced the specific ways that this constraint shapes innovation development at each stage of the program.

2.2.1. The Documentation Deficit

At program entry, most organizations had well-developed strategic intent and real insight into the problems they were addressing. What they consistently lacked was the capacity to translate that intent into documented, evaluable artifacts—pilot budgets, stakeholder engagement plans, monitoring and evaluation frameworks, and risk registers. These documents were missing not because the underlying thinking had not happened but because no protected time existed to produce them.

The consequences are significant. Innovations that have not been documented are invisible to outside partners. Funders cannot evaluate what has not been written down. Peer CDFIs cannot learn from what has not been shared. An innovation that exists only in a leader's head, or in the accumulated institutional memory of a small team, cannot be evaluated, replicated, funded, or built upon by anyone outside that room.

Documentation allows an organization to explain concisely and consistently what it is trying to do to a funder in a short meeting, to a board member who was not in last month's strategy session, to a peer CDFI asking whether a similar approach might work in their market. It creates a shared internal reference point that keeps everyone on the same team working from the same version of the innovation.

In this program, the documentation gap was *not* a knowledge gap. The organizations that arrived without written pilots, budgets, stakeholder maps, or monitoring frameworks were not organizations that had not done the thinking. They were organizations that had not had the protected time to capture it. That distinction matters for how programs and funders respond: the answer is not to demand more documentation as a prerequisite for support, but to treat documentation capacity as something the program itself needs to build.

2.2.2. Capacity Pressure on Enrolled Leaders

Each participating organization was required to enroll two people in the program: a leader (with decision-making authority over the innovation) and an implementor (responsible for the day-to-day work). The dual-role design was intended to secure both strategic engagement and execution capacity. In practice, even with both roles formally enrolled, capacity pressure showed up in ways that affected program engagement.

One learning was that in capacity-constrained programs, time-together in session is too scarce to spend on generalized content. Cohort time should be reserved for direct work on the solution, which is expedited through face-to-face working time. Generalized content should be moved to formats participants can consume on their own time. Additionally, peer engagement is more likely to occur in very small groups and when organizations are actively working through challenges, as opposed to when a follow-up is required. Program design must accommodate participants' actual capacity. Asynchronous, self-guided knowledge delivery preserves cohort time for higher-value applied work and meets participants where they are.

In one assessment session, a senior leader with deep expertise in the proposed mechanism was present for the opening of the conversation but had to step out partway through to handle operational responsibilities. The session continued with a staff member who could accurately report on project status. This was a manifestation of the same capacity pressure that shapes CDFI work across the field. Leaders who are formally engaged in a program must still operate inside organizations where day-to-day operational demands do not pause.

Capacity constraints in CDFIs are not a problem to be solved before innovation work begins. They are the permanent operating conditions within which innovation work must be designed. Waiting for an organization to have surplus capacity before supporting innovation is equivalent to waiting for a hospital to have empty beds before investing in medical research. The condition described here is not an exception: leaders pulled away mid-session, implementors carrying the day-to-day work while executives manage operational fires. It is the rule, and it will remain the rule regardless of how well a program is designed or how committed an organization's leadership is.

The implication is not that capacity constraints make innovation impossible. The cohort demonstrated otherwise. The implication is that programs, funders, and conveners who design for an imagined version of these organizations, one with dedicated innovation staff, protected executive time, and bandwidth to engage fully with every program element, will consistently be misaligned with the organizations doing the most important work in the most under-resourced markets.

Designing for alignment means building accountability structures that function even when leaders are pulled away, creating documentation practices that preserve momentum when key staff turnover, and structuring program engagement so that progress does not require every enrolled participant to be fully available at every moment.

Most importantly, surfacing the need to treat capacity support as a core program function, not an afterthought, would allow the organizations that will most benefit from innovation support to fully engage.

2.3. Observation: External Validation Produces Consistent Divergence Between Self-Assessment and Outside Assessment

Evidence basis: Direct program observation drawn from comparing cohort self-assessment scores with independent panel scores across the program. The directionality observed in this cohort may or may not generalize and will benefit from validation across additional cohorts.

A consistent pattern emerged as the program brought in outside evaluators: cohort members tended to rate themselves higher than outside evaluators did on "Implementation Readiness" and "Market Validation," and they tended to rate themselves lower than outside evaluators did on "Sector Advancement" and "Scalability."

These gaps are predictable and informative. Organizations deeply embedded in their own work fail to see the distance between the current state and full implementation, which causes them to overestimate how far they have come and underestimate the work that remains. The same embeddedness makes them less able to see the field-level relevance of what they are building, because they are positioned inside the operational details rather than outside, looking at the sector as a whole. They know what problems their innovation solves. They are often less aware of how few other organizations have tried it, or how transferable the model may be.

This finding points to the value of external feedback at multiple points in the development process—not only at program conclusion. The three-assessment design of this program was specifically intended to bring outside perspective early and often, giving organizations time to respond to calibration before it was too late to change course. Organizations that received external feedback on their Innovation Readiness scores at Baseline, and again at Mid-Point, arrived at their Final assessment and Demo Day presentation with substantially more realistic pictures of where they stood. Those who encountered significant outside calibration for the first time at Demo Day had less time to close the gaps the feedback revealed.

The implication for program design is straightforward. Self-assessment is genuinely valuable; it surfaces how organizations understand their own work, and that understanding is itself an important input. It is also systematically mis-calibrated in predictable directions. Programs that rely on self-assessment alone will produce a distorted picture. The most productive design pairs repeated self-assessment with recurring outside calibration, so organizations can identify and close gaps while there is still time to act on what they learn.

2.4. Pattern: Productive Peer Learning Requires Deliberate Architecture, Not Just Proximity

Evidence basis: Direct program observation, consistent with established findings on cohort-based learning programs across multiple fields.

Peer exchange was consistently identified by cohort members as one of the program's most valuable elements—in many cases, more valuable than formal curriculum content, expert speakers, or structured assessment. The conversations organizations found most useful were those in which a peer's question surfaced an unexamined assumption, or a peer's experience confirmed or complicated a strategic direction under consideration.

What is important to document is that this quality of peer exchange did not come from proximity alone. Early in the program, conversations between organizations were accurate but not revealing. Organizations described what they were working on without disclosing the specific tensions,

uncertainties, and unresolved questions that would have made the exchange most useful. The conditions for productive peer learning required active design.

The shift toward more substantive peer exchange came when the program built in explicit conditions for honest disclosure: structured conversations in which organizations were expected to surface what was not working alongside what was. Notably, this was not achieved by asking organizations directly what was going wrong—it was achieved by asking questions specific enough that the challenges surfaced on their own. Once that norm was set and consistently reinforced, the quality of peer exchange changed substantially. Organizations began asking pointed analytical questions, sharing the directions that had not worked alongside those that had, and identifying patterns in each other's challenges that no one could see from inside their own work.

Two mechanisms drove this shift. The first was the structured assessment process itself. When every organization understood that its peers were being asked the same demanding questions—"where is the evidence," "what is the central unvalidated assumption," and/or "who has decision authority"—the expectation of honest reporting became shared and explicit. The second was the emergence of cross-organizational relationships outside formal sessions. Several of the most productive exchanges happened in direct conversations between organizational leaders who had identified overlapping challenges.

In at least one case, peer exchange produced a concrete outcome: two organizations identified a complementary relationship between their innovations and made a commitment to pilot together. This was not facilitated by the program. It was made possible by the sustained, candid engagement the program's architecture produced. **CDFI innovation cohorts may turn out to be as valuable as deal-making environments as they are learning environments.**

2.5. Pattern: Demo Day-Style External Events Function Primarily as Forcing Mechanisms

Evidence basis: Direct program observation, consistent with established findings on accelerator and innovation programs in adjacent fields.

Across the six-month program, every organization prepared for an external presentation—"Demo Day"—to an independent evaluation panel. The value of Demo Day was not simply the presentation itself. Rather, the preparation process forced organizations to develop the clarity and rigor necessary for external stakeholders to assess the innovation and provide meaningful feedback.

Turning a novel idea into an innovation that is ready to test requires translating it into action in a way that someone unfamiliar with the concept can clearly understand and support it, based not on prior experience, but on a true understanding of the idea itself. The feedback organizations received on Demo Day was valuable—outside evaluators asked hard questions that internal assessment could not fully anticipate. However, the greatest value came from the months of preparation the event required: the internal conversations, the revised narrative frameworks, the practice presentations, and the specific moments when organizational leaders discovered that concepts they understood deeply were not yet legible to audiences without their organizational context.

The process of building a Demo Day presentation—being required to answer, slide by slide, what the problem is, what the innovation is, what evidence supports it, and what resources it requires—was named by multiple participants as the single most clarifying activity of the six-month program.

Organizations that believed they had reached conceptual clarity discovered, in preparation, that what they had was familiarity, not clarity.

This pattern is consistent with what is well-established in adjacent fields. Forcing-function events—demo days, board reviews, public presentations—produce more learning through their preparation than through the event itself. The program's contribution is to confirm the pattern in the specific context of CDFI capital innovation.

2.6. Pattern: CDFI Innovation Timelines Exceed Conventional Accelerator and Grant Cycles

Evidence basis: Direct program observation, consistent with broader patterns documented in mission-finance innovation development.

A six-month structured accelerator is a meaningful intervention in the trajectory of early-stage CDFI innovation. While six months can advance innovation in real ways, most concepts require significantly more time to move from initial design to a validated pilot. This is not a program design limitation. It reflects the actual timelines of innovation development in resource-constrained organizations operating in complex regulatory and financial environments.

The program's most lasting contribution was not the readiness level each organization reached by Demo Day. It was the innovation capacity each organization developed: the analytical habits, the assessment discipline, the peer relationships, and the internal accountability structures that allow continued progress after formal program support ends. Organizations that absorbed the program's evaluative standards left better positioned to advance their work regardless of where they stood at program conclusion.

This finding reframes how to measure the success of a CDFI innovation program. The relevant question is not the maturity of participating innovations at the formal program endpoint. It is the trajectory of those innovations over the eighteen to thirty-six months that follow. Did organizations continue? Did they secure the next stage of funding? Did they complete pilots and generate evidence that advances their readiness? Did they share what they learned in ways that benefit peer CDFIs?

A second implication concerns the gap between accelerator completion and conventional fundability. For most innovations, this gap spans roughly two to four years—the interval during which the evidence needed to attract institutional capital is being generated but does not yet exist. The CDFI field currently lacks adequate infrastructure to support organizations during this interval: after structured program support ends, before the evidence base is strong enough for conventional funding.

3. A Working Framework Offered to the Field

3.1. Three Categories of Innovation: Organizational Adoption, Contextual Adaptation, and Frontier Innovation

Evidence basis: A working framework that emerged through program experience. Offered to the field as a starting point for refinement rather than as an established distinction.

The CDFI sector has built up a substantial body of capital practice over more than three decades. For example, many of the solutions in the accelerator, from individual investor promissory note programs (where everyday investors lend small amounts directly to a CDFI), to loan participation structures (where multiple lenders share a single loan), to secondary market mechanisms (where CDFIs sell loans to other investors to free up capital for new lending), and equity investment through subsidiary entities, are all established tools. They are documented in field publications, used by leading CDFIs, and available for adaptation by organizations with the capacity and market context to use them. Many CDFIs are not aware of these tools. Others are aware, but they have not applied them in their specific institutional context. Adopting and adapting a known tool is meaningful organizational work. It does not, in every case, advance the field's knowledge frontier.

A consistent pattern across several cohort members involved pursuing innovations that were already well-established practice in other parts of the CDFI field or in adjacent mission-finance contexts. For the individual organization, these approaches were genuinely new. For experienced field evaluators, they were recognized tools. The gap between how organizations characterized their field-level

contribution and how outside evaluators received those contributions was among the most useful tensions the program produced.

Through this experience, a three-category distinction emerged that OFN offers to the field as a working framework. All three categories deserve support, and they should not be conflated.

Category	What it means
Organizational Adoption	An organization implements a tool that is new to its own practice but established in the field. The contribution is to the organization, not to the field's knowledge.
Contextual Adaptation	An organization applies an existing mechanism in a context where it has not previously been used, generating new application knowledge. The work contributes to the field by extending what is known about how a tool functions across different settings.
Frontier Innovation	An organization develops a mechanism that contributes genuinely new knowledge to the sector. The work advances what the field collectively knows how to do.

The distinction matters because the pressures organizations face often push them to characterize their work as frontier innovation, regardless of which category it fits into. The expectation—from funders, from peer organizations, from internal communications—is that the work being described is new. When organizational adoption or contextual adaptation is framed as frontier innovation, two costs follow: 1) the work is held to an evaluation standard it cannot meet, and 2) the field loses the ability to distinguish where new knowledge is actually being produced from where existing knowledge is being usefully applied.

The framework is offered as a tool, not a final categorization. It will benefit from refinement as additional CDFIs and intermediaries test its usefulness in their own contexts. Its current value is in surfacing a distinction that funders, conveners, and CDFIs themselves can use to position work more honestly and in clarifying that all three categories are fundable contributions.

4. Actionable Insights by Audience

The observations in Sections 1 and 2 have specific implications for how different actors in the CDFI ecosystem approach innovation support. This section translates those observations into practical guidance for several audiences: CDFI organizational leaders, funders, program designers and conveners, and government and policy stakeholders. The recommendations are grounded in the accelerator's observations and offered as working frameworks, not prescriptions. The conditions in which they apply will vary across contexts.

4.1. For CDFI Leaders

Recommendation 1: Create structural separation between innovation development and core operations.

The evidence from this program is clear: the most reliable predictor of innovation progress was the presence of dedicated internal capacity. Organizations that identified a specific person whose primary professional responsibility was the innovation—not as an addition to an existing operational portfolio, but as a principal assignment—made substantially more progress than those that did not.

Structural separation does not require organizational scale. For smaller organizations, it may mean narrowing the scope of the innovation to a pilot that part-time internal capacity can advance—a deliberately modest design that can generate real evidence rather than an ambitious design that is likely to remain stagnant. A well-scoped pilot with dedicated internal ownership yields more lasting progress than an expansive design that lacks such ownership.

Recommendation 2: Define and test the central assumption before building the full model.

Every innovation rests on a central assumption—the belief that doing X will produce Y under specific conditions. Naming that assumption out loud, followed by designing the smallest test that would tell you whether it is true, is the most important step in innovation development. It is also the step most often skipped.

The smallest test is usually simpler than the full innovation. It does not require a new legal entity, a new technology platform, or a new institutional partnership. It requires enough activation of the mechanism, with actual participants, to generate observable evidence for the central claim. That evidence is the prerequisite for the next stage of development. Organizations that build the full model before testing the central assumption are committing resources to an untested foundation.

Recommendation 3: Maintain active leadership alignment through each stage of development.

Board authorization of a concept is not an authorization of the resources, legal structures, and institutional relationships that implementation requires. As innovations evolve—revealing new costs, new compliance requirements, and new dependencies—leadership alignment must be actively maintained, not assumed to carry forward from one earlier approval.

Organizations that treat early conceptual approval as standing authorization for later development decisions encounter unnecessary governance friction at exactly the moments of greatest strategic consequence. A regular cadence of leadership check-ins—timed to the development decisions that require explicit authorization rather than to the program calendar—is a critical governance discipline for innovation work.

Recommendation 4: Conduct a rigorous field scan before positioning an innovation as sector-advancing.

The CDFI field's existing body of capital practice is broad and not equally accessible to all practitioners. Before describing an innovation as field-advancing, organizational leaders should review what the field already knows: what mechanisms have been tried, what they have produced, who has documented the experience, and what is genuinely new. This is not a reason to step back from development.

Organizations adopting established tools in new contexts are doing valuable work. It is a reason to position that work honestly—as organizational adoption or contextual adaptation—rather than overclaiming novelty in ways that experienced evaluators will not sustain.

4.2. For Funders

Recommendation 1: Develop separate evaluation frameworks for innovation readiness and organizational financial readiness.

Conventional evaluation for awarding CDFI funding is calibrated primarily to organizational financial health, deployment track record, and operational maturity. These criteria are appropriate for program funding but not sufficient for innovation grants. Innovation readiness requires a different set of questions: Is there a clear and testable theory of change? Has the core assumption been tested? Does the organization have the governance structure and internal capacity to advance the work? Can it generate and share evidence that enables peer CDFIs to learn from the experience?

At the same time, innovation readiness must also account for the financial feasibility of the innovation itself. Only one organization in the cohort presented a clear financial model. In contrast, many others had not yet fully answered a fundamental question: who will pay for this, and how will it sustain itself over time? Without a defined pathway to revenue or ongoing funding, even well-conceived innovations risk stalling before they can scale or deliver impact.

Organizations best positioned to answer these questions are not always those that score highest on standard financial readiness assessments. Funders who apply program funding criteria to innovation grants may unintentionally disadvantage organizations doing some of the most important work—those operating in underserved markets with constrained resources and deep community impact.

Separating these frameworks allows funders to more accurately assess both the strength of the idea and the viability of its execution. Funders could support operational preparedness as a first stage of an innovation project, thereby creating space for earlier-stage innovation to be strengthened, rather than screened out prematurely.

Recommendation 2: Establish the intermediate funding stage as a distinct category.

The interval between accelerator completion and conventional fundability—typically two to four years—is the stage at which promising innovations most often stall. The evidence base needed to attract institutional capital is being actively generated during this period, but it does not yet exist. Existing funding infrastructure handles the early stage (exploration grants) and the mature stage (program-related investments, CDFI Fund awards, commercial debt) reasonably well. It does not adequately address the intermediate stage.

Funders whose missions are oriented toward CDFI capacity building and sector innovation should consider formally treating the intermediate stage as a distinct funding category. The criteria would be calibrated to learning outputs from incomplete pilots rather than deployment outputs from proven programs. The timelines would match the actual pace of evidence generation. The success metrics would value honest documentation of what was tested and what was found, including negative or unexpected results.

Recommendation 3: Align grant structures with the pace and nature of innovation development, including milestone-based reporting and patient award periods.

Standard grant timelines and reporting requirements are not calibrated to the pace of CDFI innovation. Twelve- to twenty-four-month award periods with output-focused deliverables push organizations to document activity rather than generate evidence, to report progress rather than examine setbacks, and to avoid disclosing findings that complicate the funder relationship. These incentives work against the honest reporting that produces field-level learning.

This accelerator model offers a path forward. Rather than serving as a standalone intervention, it demonstrates how funding structures can better support innovation by creating an environment in which experimentation, iteration, and transparent reflection are expected. In doing so, it reframes what progress looks like and what should be measured. Innovation develops unevenly and iteratively, with some of the most valuable learning emerging from ideas that do not work as expected. Funders committed to innovation should therefore consider longer award periods, milestone-based rather than time-based reporting, and explicit permission structures for reporting unsuccessful tests and the lessons they generate.

This challenge is not unique to CDFIs. It reflects a broader misalignment between how philanthropy and public funding typically operate and what genuine innovation development requires. A grant deliverable that says, "the organization tested this mechanism, the central assumption did not hold, and here is what we learned," is often more valuable to the field than one that documents activities completed on schedule without evidence of learning.

At the same time, timeline pressure is not purely a problem to be eliminated. This program's own experience demonstrated that organizations advance innovation work when there is a near-term deadline that makes progress consequential—and that without that pressure, innovation work reliably falls to the bottom of the priority stack. The goal for funders is not to remove time pressure but to align it with what innovation development actually looks like in practice: iterative, uneven, and rarely linear. Award structures that build in defined learning milestones—with enough runway between them to do real work, and enough accountability at each one to maintain momentum—are more likely to produce genuine progress than either open-ended grants or tightly compressed deliverable schedules.

Recommendation 4: Invest in shared evaluation infrastructure across the CDFI innovation field.

The Solution Readiness Level framework used in this program—a common rubric that produced both evaluation data and a shared analytical language for organizational development—is one example of the kind of field infrastructure that reduces evaluation burden on individual organizations while enabling cross-organizational learning. Funders can support the development and broad dissemination of similar infrastructure: shared assessment frameworks, communities of practice among program evaluators, common data standards for innovation metrics, and systematic documentation of which indicators are found to be most predictive of lasting innovation progress.

4.3. For Conveners and Program Designers

Recommendation 1: Model the adaptive practice the program is asking of participants.

Programs that ask participating organizations to test assumptions, gather evidence, and revise models in response to what they find are implicitly setting an expectation about how serious work is done.

Organizations notice whether the program applies the same discipline to itself—whether it gathers evidence about its own effectiveness, revises its design in response to that evidence, and communicates those revisions openly. A program that demands iteration from participants while presenting itself as fully designed is sending a contradictory message.

Effective program design includes explicit feedback collection after each session, open communication of what that feedback revealed, and visible adjustments to subsequent program elements. This is not only sound practice. It demonstrates, in the program’s own operation, the practice it is asking of participants.

Recommendation 2: Weight accountability structures more heavily than content delivery.

This program's evidence is clear. Accountability structures—the mechanisms that create steady between-session progress—mattered more than curriculum content in predicting innovation advancement. Organizations valued peer exchange and structured assessment above expert speakers and formal learning modules. Between-session progress was driven by accountability relationships rather than by the volume of information delivered in formal sessions.

Program design budgets and resource allocation should reflect this evidence. Investment in the structures that create lasting accountability—peer pairings, advisor relationships, Innovation Ally partnerships, structured self-reporting protocols—yields greater returns than an equivalent investment in curriculum development.

Recommendation 3: Design explicitly for peer vulnerability, not proximity.

Productive peer exchange requires specific conditions that do not arise from co-location alone. Effective design includes deliberate norm-setting in early sessions that openly establishes the expectation of candid disclosure; structured opportunities for organizations to name challenges and uncertainties, not only progress; and consistent facilitation that models and reinforces the disclosure norm throughout the program. Without this architecture, peer exchange stays polite and general rather than analytically useful.

Recommendation 4: Design for portfolio-level learning, not just individual project management.

A cohort of organizations pursuing innovations in related domains is a field-learning asset that is greater than the sum of its parts—but only if the program is designed to extract and synthesize cross-portfolio patterns. Programs that treat each participant's innovation as a standalone project miss the chance to document what the portfolio collectively reveals about CDFI innovation conditions.

This requires a shared assessment framework that allows meaningful cross-organizational comparisons; documentation practices oriented toward both pattern identification and individual progress tracking; and a synthesis function that aggregates findings across the portfolio and shares them with the broader field. The white paper you are reading is one product of that synthesis function. It should be understood as a component of a longer-term field documentation effort, not a standalone report.

4.4. For Government and Policy Stakeholders

Recommendation 1: Fund intermediary and learning infrastructure as a strategic category.

Organizations positioned to build and sustain CDFI innovation infrastructure—shared assessment frameworks, field documentation, peer learning networks, and synthesis and dissemination functions—are intermediaries, field networks, and convening institutions. OFN and comparable organizations make up the institutional layer through which field learning circulates and accumulates. Government support for CDFI innovation that funds only direct-to-CDFI innovation grants, without investing in the intermediary layer, produces innovation activity without the infrastructure to document, synthesize, and spread it. The sector needs both.

Recommendation 2: Develop innovation-specific funding mechanisms calibrated to early-stage uncertainty.

The existing federal funding landscape for CDFIs is designed primarily to support proven programs and validated models. This is an appropriate calibration for program capital and technical assistance. It is not well suited to supporting genuine early-stage innovation, which by definition, lacks the evidence base that conventional funding criteria require. Federal innovation programs in other sectors—particularly technology, public health, and defense research—have developed funding mechanisms designed for this stage: milestone-based awards, portfolio approaches that absorb individual project failure in exchange for portfolio-level learning, and explicit support for pilots whose outcomes are uncertain.

Analogous mechanisms in the CDFI context—administered through the CDFI Fund or a designated intermediary—would enable organizations to pursue innovations that cannot be supported by conventional program funding and would provide the field with the evidence base needed to advance the most promising approaches toward eventual scale.

5. What Remains Unanswered

This paper documents what one program revealed. It does not claim to describe CDFI innovation comprehensively. These findings draw on a single six-month accelerator with seven participating organizations working in the capital domain; they do not extend to non-capital innovations, to CDFIs at very different scales, to international community-finance contexts, or to long-term outcomes after program conclusion. The cohort's work continues, and the eighteen-to-thirty-six-month window in which accelerator success is most fairly measured has not yet elapsed.

The question of whether these findings extend to OFN's other foundational areas of the Innovation Initiative—financial products, technology & operational efficiency, and data & analytics—is genuinely open. The program experience suggests the answer is largely yes, with one important caveat. The core findings about capacity constraints, ownership ambiguity, articulation gaps, and the value of structured accountability between sessions are observations about how innovation works inside resource-constrained organizations. Those dynamics do not change meaningfully based on whether the innovation is a new capital mechanism or a new technology platform. What would need to be adapted is the assessment instrument itself: the SRL rubric was built with capital innovation in mind, and criteria like Capital Structure Innovation would require redesign to be meaningful in a technology or data context. The underlying framework—ten criteria, a seven-point scale, three structured assessment conversations—is likely transferable. The specific criteria would need to be rebuilt for each pillar.

There is early evidence that the framework has legs beyond its original application. Several participating organizations indicated that they intend to apply the roadmap framework to future innovation projects beyond the accelerator's scope. That the methodology itself—independent of program participation—was seen as worth adopting suggests it may have value as a standalone tool. Individual components—the market validation framework, the feasibility assessment structure, the assumptions-mapping approach—could be extracted and applied modularly by organizations or funders who want to use pieces of the approach without running a full accelerator program.

Naming the boundaries is part of the contribution. So is naming the questions the program surfaced but could not resolve. What follows is not a list of program shortcomings; it is a set of genuine open questions that this program was not designed to answer and that the field has not yet resolved. Some we expect to take up in future cohorts; others belong to the field. The authors share them here so that the work of answering them can be a shared project rather than a private one.

5.1. Program Design

How should programs architect distinct engagement mechanisms for enrolled leaders versus enrolled implementors? The accelerator required dual-role enrollment: each participating organization sent both a leader (with decision-making authority) and an implementer (responsible for day-to-day work). Dual enrollment turned out to be necessary but not sufficient. What emerged across the cohort was a need to build stronger points of activation for the leaders—specific moments when their decision authority was required and for which they were prepared—and clearer structural and capacity support for the implementors carrying out the day-to-day work. How programs should architect these two distinct engagement mechanisms remains an open design question. In the cohort, separating engagement between leaders and implementers is necessary because ownership ambiguity manifests differently at each level.

For leaders, the primary constraint was unresolved ownership, items such as unclear intellectual property, limited decision rights, and restricted authority to commit resources. These issues surfaced as delays and pending approvals, signaling that key prerequisites had not been resolved. Leader engagement must therefore focus on clarifying ownership and securing decision authority early.

For implementers, the constraint was unclear accountability. Work stalled not because of strategy, but because no single individual was clearly responsible for execution or had protected time to carry it forward. Implementer engagement must focus on assigning clear ownership of next steps and ensuring follow-through.

Without this separation, leaders cannot fully authorize the work and implementers cannot advance it, producing halted progress observed in the cohort.

What is the role of a pre-program readiness assessment? The accelerator's three structured assessments—at baseline, midpoint, and conclusion—measured readiness during and at the end of the program. They did not measure readiness before organizations entered. The program's experience suggests that more thorough upfront assessment could produce stronger results and deeper engagement: surfacing each organization's readiness profile before the program begins would allow more deliberate cohort matching, customized support from day one, and earlier identification of governance or capacity prerequisites that need to be addressed before substantive innovation work can productively occur. How extensive that pre-program assessment should be—and how to balance rigorous selection with broad access for organizations that might benefit most—remains an open design question for future iterations.

What is the right program duration and follow-on support structure? Six months was meaningful but insufficient to move most concepts from initial design to validated pilot. The actual gap between accelerator completion and conventional fundability spans two to four years. What program duration produces the best outcomes—a longer accelerator, a shorter accelerator with structured follow-on support, episodic re-engagement over several years, or some hybrid—is not settled. The right answer may depend on innovation type, organizational maturity, and the specific stage at which a CDFI enters.

Does cohort composition matter—and how? The inaugural cohort included both CDFIs and mission-aligned organizations that play other roles in the community development ecosystem—including technical assistance providers and capacity-building nonprofits. This composition was intentional: OFN believed that including organizations at different points in the mission-finance landscape might enrich peer exchange and surface a broader range of innovation approaches. In practice, the experience raised questions that a single cohort cannot resolve. Did the program serve CDFIs and non-CDFI participants differently? Were certain program elements better calibrated to one type of organization than the other? Was there value in the cross-type peer exchange—and if so, what specifically did it produce that a more homogeneous cohort would not? The strongest argument for deliberate diversity in cohort composition is the possibility that it creates deal-making and partnership opportunities that same-type cohorts would not surface. The strongest argument for greater homogeneity is that shared regulatory context and institutional structure may be prerequisites for the deepest kind of peer learning. Future cohorts would benefit from explicit attention to this design

choice and from systematic documentation of where cross-type exchange added value and where it created friction.

What is the right balance between general innovation and technical specialization in program support? The program entered the cohort with some uncertainty about the appropriate role for innovation generalists—advisors whose expertise lies in innovation process, analytical framing, and accountability discipline rather than in the technical specifics of any particular capital mechanism. The experience of the cohort largely resolved that question in favor of generalists, at least at this stage of the program. The structured assessment conversations, the repeated and increasingly rigorous questioning about assumptions and evidence, and the between-session accountability relationships—all of which were generalist functions—proved to be among the program's most consistently valued contributions. Participant feedback pointed to the value of being asked hard, structured questions repeatedly over time, rather than receiving intermittent technical advice on specific mechanisms. The generalist's role appears to be most valuable precisely because most early-stage innovations are not yet specific enough to benefit fully from deep technical expertise. The remaining question is how to sequence generalist support and technical SME access across the program arc: the program's experience suggests that organizations need generalist discipline first—to sharpen their questions and validate their central assumptions—before technical expertise can be productively applied.

When is the right moment to introduce evaluator-level scrutiny—and how early is too early? Demo Day surfaced a productive tension that the program had not fully anticipated. Several of the most clarifying questions organizations received from the Demo Day judging panel—questions about the financial viability of the innovation, about the specific evidence supporting the central assumption, about the organization's explicit theory of why this would work when comparable approaches had not—could have been raised months earlier, when there was still time to answer them. The program's experience suggests that introducing this level of scrutiny earlier in the cohort arc would produce more learning and more progress. At the same time, organizations need enough conceptual development before they can productively engage with that kind of challenge; asking evaluator-level questions of an innovation that has not yet been articulated produces friction rather than clarity. The open design question is: what level of innovation articulateness is the threshold for introducing harder outside scrutiny, and what structures—beyond Demo Day—can reliably produce that scrutiny mid-program? Future iterations of the accelerator should explore introducing formal external challenge sessions earlier in the cohort arc, deliberately designed to surface the hardest questions before the final presentation rather than at it.

5.2. Field Infrastructure

How should accelerator-style programs balance cohort-level support with field-wide dissemination, convening, and shared learning? Programs of this kind hold a tension between two commitments: serving the specific cohort in front of them and contributing to field-level learning that benefits CDFIs not in the cohort at all.

In practice, this tension is not just conceptual—it is operational. The urgency to produce timely, actionable insights for the field often clashes with the reality that meaningful innovation takes time to develop and test. In this program, the expectation of early field-level value proved difficult to meet within the timeframe, as many ideas required longer cycles of iteration and validation before producing insights that could be responsibly shared.

What program design choices keep field-building work in focus when cohort needs are pressing? How should resources, time, and attention be allocated between the two? The question is genuinely open, and the answer likely varies with program scale and intermediary capacity.

OFN offers it as a design challenge for the broader community of conveners, intermediaries, and funders: how to structure programs that both support deep, cohort-level work and generate timely, credible learning for the field—without forcing premature conclusions from innovations that are still taking shape.

5.2.1. Generalizability

How would these patterns shift across CDFIs at different scales and maturity stages? The inaugural cohort represented a particular slice of the CDFI sector. Whether the patterns documented here—about readiness profiles, capacity as a binding constraint, peer learning architecture, governance clarity, and timeline reality—hold for CDFIs at substantially different scales (much larger or much smaller than the cohort), at different stages of organizational maturity, or working on innovations in non-capital domains, is not something one cohort can answer. The authors surface the patterns as observations that have surfaced in this context. Their generalizability across the full diversity of the CDFI sector will require additional cohorts and additional programs to confirm or revise.

6. A Contribution to an Ongoing Conversation

This paper documents what one program revealed across one inaugural cohort. The contribution is specific. This paper has described how innovation actually progresses in capacity-constrained CDFIs, where the binding constraints sit, what kinds of program architecture produce sustained progress, and how a program designed to test assumptions ended up testing its own. This paper has offered a working framework for distinguishing categories of innovation, a candid record of pivots that occurred while the program was running, and a set of practical recommendations for the audiences most likely to act on this work.

None of this is a finished account. The questions surfaced in the previous section remain open. The role-architecture question, the pre-program assessment question, the field-wide learning question, the assessment-weighting question, the question of how patterns transfer across CDFI scales and innovation domains—these are not OFN's alone to answer. They belong to the broader community of CDFIs, intermediaries, funders, researchers, and policy partners working to support innovation in mission-finance contexts. They will be answered, if they are answered well, through additional cohorts, additional programs, additional documentation, and the willingness of organizations across the field to share what they learn.

Innovation in this sector is more constrained than funders typically anticipate, more iterative than case studies generally portray, and more dependent on field infrastructure than individual organizations can build on their own. It requires the kind of protected organizational capacity that resource-constrained CDFIs do not have by default. It requires validation of timelines that exceed the duration of most funding cycles. It requires an honest accounting of what the field already knows and what is genuinely being added. And it requires sustained, accountable support across the full development arc—from early concept through validated proof of concept and into the intermediate stage where evidence is being generated but has not yet reached the threshold that attracts conventional capital.

The CDFI Capital Solutions Accelerator is a first expression of what one part of that infrastructure can look like when innovation is approached as a sustained field-building practice rather than a time-limited program. The learning documented here is not the end of that work. It is a contribution to an ongoing process of developing the knowledge and the systems that will allow the CDFI sector to innovate at the pace and scale the current environment requires. OFN expects this paper to be one document among many, and OFN expects the conversation it joins to continue well beyond its publication.

All participant examples in this paper are anonymized or composited. No organization is identified by name.

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