## **Mountain Association for Community Economic Development and Natural Capital Investment Fund**

[www.maced.org](http://www.maced.org) | [www.ncifund.org](http://www.ncifund.org)

*The Mountain Association for Community Economic Development (MACED) partners with local people to build upon the strengths of Kentucky and Central Appalachia. We create economic alternatives and strive to make Appalachian communities better places to live. MACED focuses on three core strategies to work toward its goal of transforming the lives of people and places in need in Central Appalachia through sustainable development: Community Investment, Demonstration Initiatives, Research and Communications for Policy Change.*

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*Natural Capital Investment Fund (NCIF) is a business loan fund that provides debt and equity financing to small businesses located in West Virginia, North Carolina, the Appalachian regions of Virginia, Kentucky, Tennessee, and Ohio, and south Georgia. NCIF’s goal is to provide small and emerging natural resource-based businesses with the financing they need so they can advance sustainable economic development and have a positive impact on human health and the natural environment in their community. NCIF is a wholly owned subsidiary of The Conservation Fund.*

This case study demonstrates **collaboration between CDFIs**.

**Action:**

The collaboration between MACED and NCIF started as a conversation about their triple bottom line missions (creating economic, social, and environmental returns through their loans) and a shared vision to increase economic development in their target service areas in central Appalachia. It has grown into a strong partnership involving co-lending and co-marketing to rural grocery stores making energy efficiency upgrades. For loans over $100,000, the CDFIs have agreed to split the deals, regardless of which one originates the loan. MACED and NCIF also share best practices and lessons learned throughout the lending process in order to strengthen both organizations’ capacity.

**Process:**

* MACED and NCIF fostered working relationships between their organizations at multiple levels, including the executive directors, senior lenders, loan officers, and program staff.
* In 2012, both organizations received Program Related Investments (PRI) from the Ford Foundation to support their collaborative efforts for economic development and wealth creation lending in the central Appalachian region.
* MACED and NCIF both have a program staff person focusing on the project and the relationship between the organizations.
* They created a written memorandum of understanding (MOU) that outlines each CDFI’s role and guidelines for the shared lending process, including the underwriting and approval process to follow. The MOU is valid until the PRI money has been used.
* After running the program for a year, the two organizations met to discuss lessons learned and created a workplan to guide their efforts over the next year.

**Outcomes:**

* MACED and NCIF have jointly reviewed over ten loans and co-funded four of them, deploying more than $900,000 in joint lending and increasing their deal flow for their energy efficiency work.
* Both organizations have benefited from the risk mitigation of sharing larger loans, as well as shared best practices and learning between their lending staff.
* MACED and NCIF have both expanded their geographic coverage for energy efficiency loans.

**Organization Profiles:**

**Founded:** MACED - 1976

NCIF - 2001

**Type of CDFI:** MACED - Loan Fund

NCIF - Loan Fund

**Target Market:** MACED - Kentucky and Central Appalachia, with a focus on the 54 Appalachian counties of Kentucky

NCIF - West Virginia, North Carolina, the Appalachian regions of Virginia, Kentucky, Tennessee, and Ohio, and south Georgia

**Types of Lending:** MACED - businesses, nonprofits and public agencies

NCIF - green businesses

**Loan Products:** MACED – Microloans, Energy Efficiency-Business, Business Loans, Sustainable Forestry, Enterprises providing Community Services

NCIF – Sustainable Logging, Sustainable Businesses, Microfinance to Green Entrepreneurs, Energy Efficiency-Businesses

**Asset Size:** MACED­­ - $21,528,833 (FY 2011)

NCIF - $10,395,799 (FY 2011)

**No. of Employees:** MACED - 26 (FY 2011)

NCIF - 7 (FY 2011)