unity trust bank

CDFI Innovation & Transformation Grants

Application Guide

Application Guidance

Guidance for eligible Community Development Finance Institutions applying for Unity's 2026 CDFI Innovation & Transformation (CIT) Grants programme.

Overview

Unity has launched its CIT Grants programme. This programme will pay out at least £250,000 by 2030.

Two grant categories have been created

An 'established impact lender' grant for CDFIs that have been trading and actively lending to SMEs and not-for-profit organisations for at least five years.

A 'micro-enterprise lender' grant for CDFIs providing loans under £25,000 to micro-enterprises focused on investment readiness and generating evidence of growth opportunity for the sector.

£60,000

The combined 2026 CIT Grants budget is £60,000. For 2026, one grant per category will be provided so that Unity can learn how this programme can best support the sector, with a view to expanding this in 2027.

Application route

Find the online application form **here**

Funding available

£60,000 in 2026, across two CDFI Grants categories;

Grant categories

1. Established impact lender
2. Micro-enterprise lender

Who can apply

UK-based CDFIs / responsible finance lenders with active Unity relationship or other eligibility confirmed through the form

Funding purpose

Innovation, transformation, growth, operational improvement, impact measurement, product or market development, and other clearly evidenced sector-strengthening activity

For more information contact:
GrantSupport@unity.co.uk

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Introduction

Unity Trust Bank is marking 25 years of working with Community Development Finance Institutions.

CDFIs are central to Unity's double bottom line. They provide fair, flexible finance and support to organisations and entrepreneurs who may struggle to access mainstream finance.

The CIT Grants programme is designed to help CDFIs in a number of ways. This may include: strengthening their impact, testing practical innovations, improving their operating models and deepening support for customers and communities.

The programme is intended to complement Unity's wider CDFI sector work. This includes product and proposition development, technical support and market engagement.

Guide usage

This guidance explains the grant categories and eligible use of funding. It also covers the assessment criteria and the information applicants should prepare before completing the online application form.

Grants available

In 2026, Unity has established a CDFI grants budget of £60,000.

The programme will run across two targeted categories:

	Established impact lender	Micro-enterprise lender
Indicative grant	£40,000	£20,000
Primary applicant type	Established CDFIs that have been trading and actively lending to SMEs and not-for-profit organisations for at least five years.	CDFIs focused on micro-enterprise lending, inclusive entrepreneurship or loans of under £25,000 to underserved founders, where the grant can support investment readiness and generate evidence of future growth opportunities.
Purpose	To support a practical innovation, transformation project, service improvement or capability-building activity that helps the CDFI deliver more impact for customers.	To support investment readiness, evidence-building, market insight and practical preparation for growth opportunities in micro-enterprise lending.

Unity may carry out a final review between categories to ensure the programme supports the highest quality CDFI propositions. However, applicants should select the one that best reflects their organisation and proposed use of funds.

Eligibility criteria

1. Your organisation should be a UK-based CDFI or responsible finance lender delivering impact in the UK and be at least one of the following:

   a. a member of Responsible Finance

   b. a registered provider of Community Interest Tax Relief qualified lending

2. Your organisation should be able to evidence its legal status, governance, financial standing and lending or support activity.
   - Previous year income must satisfy the minimum level for the grant category.
   - Your organisation should be actively lending to organisations or individuals who will benefit from the CIT Grants.
   - Applicants to the established impact lender stream must be able to evidence that they have been trading and actively lending to SMEs and not-for-profit organisations for at least five years.

3. Applicants must satisfy Unity's financial crime, anti-bribery and corruption, reputational risk and excluded-activity requirements.

Applicants should review the online form carefully.

What the grant can be used for

Unity aims for the CDFI grants to be flexible, but the funding should be restricted to a clear purpose.

Strong applications will help CDFIs to serve (not access) customers, communities and grow the wider CDFI sector through willingness to share lessons.

The two grant categories support different lending models. Applicants should frame their proposed use of funds around the activity, customers and operating model that best fits their organisation.

Established impact lender can be used for:

Blended finance

Novel contribution to blended finance

The grant can be used within a blended finance offering to support patient lending on a pilot basis or within an established product for personal, SME or not-for-profit lending customers.

Priority emphasis

Maximise benefit to SME and not-for-profit borrowers and their communities.

Lending process management

Innovation in lending process management

The grant may be used to contribute to the cost of testing or integrating new solutions, or enhancements to existing tools, to improve the lending process for CDFI customers.

Priority emphasis

Improve the customer lending journey across personal, SME and not-for-profit lending.

Credit and impact assessment

Innovation in credit and/or impact assessment

The grant may be used to improve the efficacy of credit and impact analysis for the CDFI.

Priority emphasis

Particular interest is given to responsible AI: for established impact lenders, improving efficiency, inclusion and insight across personal, SME and not-for-profit lending; for micro-enterprise lenders, improving equity of access to micro-lending credit.

Technology for market research

Use of technology for market research

The grant may be used to improve market insights and pipeline generation for the CDFI.

Preference is given to scalable or repeatable solutions.

Priority emphasis

Reach borrowers delivering positive personal, organisational or community impact.

Back office functions

Transformation of back office functions

The grant may be used to enhance the back office functions of CDFIs to support the overall mission of the organisation.

Priority emphasis

Both categories should show how internal capability improvements support lending mission, customer outcomes and sustainable delivery.

Micro-enterprise lender can be used for:

Blended finance

Investment readiness and evidence for growth

The grant can be used to test how subsidy, patient finance or wraparound support improves investment readiness for micro-enterprise borrowers and creates evidence for future growth in micro-enterprise lending.

Priority emphasis

Evidence whether investment-readiness support can unlock demand, improve borrower preparedness and demonstrate scalable growth opportunities.

Lending process management

Systems to evidence investment readiness and growth potential

The grant may be used to improve tools, referral pathways and data capture so micro-lenders can assess borrower readiness, support progression and evidence the pipeline for future micro-enterprise lending growth.

Priority emphasis

Strengthen inclusive systems that evidence borrower readiness, demand and the conditions needed for scalable growth.

Credit and impact assessment

Assessment that builds the evidence base

The grant may be used to improve credit, readiness and impact assessment for micro-enterprise borrowers, helping the lender evidence viable growth opportunities and the support needed to convert demand into sustainable lending.

Priority emphasis

Particular interest is given to responsible AI and data-led approaches: improving equity of access while generating evidence on borrower readiness, demand and growth potential.

Technology for market research

Market research for investment readiness and growth

The grant may be used to gather customer, referral partner and local market evidence that identifies investment-readiness barriers, validates demand and supports future growth opportunities in micro-enterprise lending.

Priority emphasis

Evidence demand, readiness barriers and the growth case for reaching underserved founders and marginalised groups.

Back office functions

Back office capability for evidence and readiness

The grant may be used to strengthen data, reporting, customer tracking or operational capability that helps micro-lenders evidence investment readiness, monitor progression and prepare for future growth.

Priority emphasis

Show how internal capability improvements support lending mission, customer outcomes and sustainable delivery. Micro-enterprise lender proposals should also show how back office changes improve evidence of readiness, demand and growth potential.

What the grant cannot be used for

- Unrestricted general reserves or activity that cannot be tied to a defined project, transformation or impact purpose.
- Activity that has already been completed or pre-dated matched funding requirements.
- Payments to individuals where the organisation cannot evidence appropriate governance and procurement controls.
- Activities outside the UK or activities where the primary impact is outside the UK.
- Activity that presents an unacceptable risk to Unity such as legal, financial crime, sanctions, anti-bribery or excluded-sector risk to Unity.
- Pure onward grant-making to other organisations unless the application can clearly demonstrate direct delivery, governance and impact responsibility.
- Core lending capital, unless the application explicitly makes the case for how the grant functions as catalytic subsidy, first-loss support, product development or transformation funding and Unity confirms this is acceptable.

Assessment criteria

Applications will be assessed against four core criteria.

These criteria evaluate whether the grant is innovative for the CDFI, creates a learning opportunity, has measurable success indicators and can deliver meaningful borrower and community impact.

Criterion	What strong evidence looks like	Applicant prompts
Level of innovation for the CDFI	The proposal goes beyond business-as-usual for the applicant and introduces a new or materially improved product, process, tool, partnership, data approach or operating model.	What is new for your organisation? How is this different from normal activity? Why is grant funding needed to test or implement it?
Clarity of learning opportunity for the grantee and sector	The application explains what will be tested, what the organisation expects to learn and how that learning could be useful to Unity, the applicant or the wider CDFI sector.	What question are you trying to answer? What evidence will the project generate? How could the learning be shared, adapted or replicated?
Clarity of KRIs to measure success of the grant	The proposal includes a few clear success measures. This will include a baseline where possible, target outcomes and a practical approach for tracking progress during and after the funded activity.	Which indicators will show whether the grant worked? What is the starting point, target and evidence source? Who will collect and review the data?
Potential impact for borrowers and community of the grant	The application identifies who will benefit and how the grant is expected to improve access to finance, borrower experience, affordability, resilience, inclusion or community outcomes.	Which borrowers or communities will benefit? What changes for them because of the grant? How will you evidence improved outcomes?

How to apply

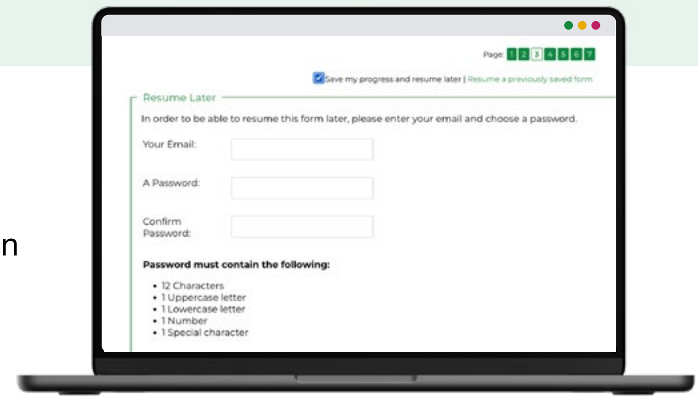
Applications should be made through Unity's online application form. The form is designed to confirm eligibility, the grant categories, the proposed use of funds and the expected impact.

Find the grant application form here:
CIT Grants application form

1. Read this guidance and confirm that your organisation and proposal are eligible.
2. Prepare your project summary, budget, delivery plan, impact evidence and any supporting documents.
3. Please ensure a budget is uploaded on the application form. This can be in excel, PDF or other formats.
4. Open the online form and select the grant category that best fits your organisation and proposal.
5. Complete all eligibility, project, budget, impact and declaration questions.
6. Upload any supporting information requested by the form.
7. Review the application carefully and submit the form.

Save and resume

The form has a save-and-resume function, use it if you need to gather further information before final submission. Make sure you still return and click Submit before the closing date shown on the application form.



Application form guidance

The exact form questions should be followed. Applicants should prepare clear responses for the following areas:

Form area	What to prepare	Quality check
Organisation details	Legal name, registration details, contact details, Unity relationship or account information if requested.	Use the same legal name as your constitutional and financial documents.
Grant category selection	Whether you are applying for the ‘established impact lender’ or the ‘micro-enterprise lender’ categories.	What question are you trying to answer? What evidence will the project generate? How could the learning be shared, adapted or replicated?
Project summary	A concise summary of the transformation, innovation or growth activity.	Can a reviewer understand the proposal in one paragraph?
Need and rationale	Evidence of the market gap, customer need, operational constraint or sector opportunity.	Use data, customer insight, Responsible Finance evidence, referral experience or your own portfolio evidence.

Form area	What to prepare	Quality check
Use of funds	Detailed budget and description of what the grant will pay for.	Avoid vague costs. Break spend into clear lines.
Delivery plan	Milestones, duties, timings and governance.	Show that the activity can be delivered in practice.
Impact and outcomes	Expected outputs, outcomes, learning and measurement approach.	Include a few meaningful metrics rather than a long unproven list.
Risk and sustainability	Key delivery risks, mitigations and how benefits continue beyond the grant.	Be open about dependencies and controls.
Declarations	Conflicts of interest, authority to apply, accuracy of information and any required confirmations.	Ensure the person submitting has permission to apply on behalf of the organisation.

After you submit

- Unity will review applications against eligibility, use of funds, impact, delivery credibility and risk criteria.
- Unity may request further information if needed.
- Successful applicants may be asked to agree grant conditions, reporting expectations, payment details, privacy requirements and media consent where relevant.
- Grant recipients should be prepared to provide a short update on spend, delivery, impact and learning after the funded activity has been progressed.
- Unity may be unable to provide detailed feedback to all unsuccessful applicants if we receive a high volume of applicants.

Applicant checklist

Completed?	Check
☐	We have selected the correct grant stream.
☐	If applying as an established impact lender, we can evidence at least five years of trading and active lending to SMEs and not-for-profit organisations.
☐	We can evidence our CDFI / responsible finance activity and UK impact.
☐	The project is specific and not unrestricted funding.
☐	The budget is clear and adds up to the grant requested.
☐	We have explained the customer or community need.
☐	We have identified outputs, outcomes and learning metrics.
☐	We have named the delivery lead and governance owner.
☐	We have considered risks, dependencies and sustainability.
☐	We have prepared any supporting documents requested by the form.
☐	The person submitting has authority to apply.

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*Our call centre opening hours are 9:00am to 5:00pm, Monday to Friday, excluding bank and public holidays in England and Wales. Calls are charged at local rate.