



CHRISTIAN

OIKOCREDIT

The Oikocredit Ecumenical Development Cooperative Society (EDCS) was founded in 1975 by the World Council of Churches. It was initially led by activist young priests looking to pioneer a financial instrument which would deliver a blend of positive social and financial returns for churches, while giving the poorest segments of the population the financial investment to lift themselves out of poverty. It has total assets of Euros 1.2bn (US\$1.4bn) and has over 800 social enterprise partners in 70 countries.

Oikocredit is both a co-operative and social investor, and provides an investment opportunity for the public — both individuals and organisations. Investment is by way of depository receipts in the Oikocredit International Share Foundation (OISF) and can be in GBP, Euros, Swiss Francs and other currencies. An annual gross dividend of up to 2% has been paid every year since 1995. Investors have always had their capital repaid. The minimum investment is £150 or €200. There is no maximum investment, no required notice period for withdrawals, and no annual management charges. Investments can be made as lump sums or instalments. Terms and conditions apply. Investments are not covered by a Financial Compensation Scheme and are potentially illiquid. Although depository receipts have similar characteristics to ordinary shares, they do not come with voting rights, thereby protecting the triple bottom line mission of Oikocredit and ensuring a sustainable balance between financial, social & environmental returns.

Over 80% of investors' capital reaches the field within 3 months, with a further 15% held statutorily on reserve for liquidity.

Oikocredit is supported by many churches and faith-based organisations; many are member-shareholders of the Oikocredit co-operative.

Current investment activities

Oikocredit's current investment activities focus on three key areas:

1) Inclusive Finance (€ 815m): Oikocredit provides loans, equity and other support to inclusive finance enterprises, including microfinance institutions, co-operatives; non-banking financial institutions; banks offering diverse financial products; small-to-medium-sized enterprises (SMEs), and wholesale funds. These inclusive finance partners work with the most financially-excluded individuals and groups to help them borrow and save responsibly. Women and rural communities are a particular emphasis.

2) Agriculture (€157m): As one of Oikocredit's strategic growth sectors, we support small-holder farmers by providing financial and technical assistance to agricultural co-operatives, fair trade producers, suppliers and distributors. We place particular emphasis on ensuring that they can secure fairer, more robust positions in the value chain and build greater resilience in the face of climate change.

3) Renewable Energy (€40 million): investing in ventures that provide affordable, renewable energy to underserved regions in a way that is economically, socially and foremost environmentally sustainable.

Screening

During the screening process for potential partners, we use environmental, social and governance (ESG) scorecards – one for financial intermediaries, another for production and services enterprises – to assess potential partners.

Selection criteria also include a clear focus on the outcomes for low-income communities, commitment to social development and environmental sustainability, ability to create jobs and incomes, good governance, effective management and gender inclusion.

We agree strict Client Protection Principles (CPP) with our partners and will withdraw from an investment if a partner is not placing clients at the centre of what they do, or is charging excessive interest rates.

Principles

Oikocredit is guided by the principle of empowering disadvantaged people in low-income countries. We seek to create a global, just society in which resources are shared sustainably, and all people are empowered with the choices they need to create a life of dignity. We therefore challenge all to invest responsibly and provide financial services and support organizations with capacity-building to improve the quality of life of low-income people or communities in a sustainable way.

Our mission and associated social performance measurements align with many of the SDGs – particularly 1 (no poverty), 2 (no hunger), 5 (gender equality), 7 (affordable energy) and 8 (decent work and economic growth).

Negative screening

Oikocredit never finances organisations (or holds money in term investment funds) that are involved in activities such as child labour, arms production, explosive, or dangerous materials and fossil fuels. We furthermore use rigorous criteria to select and monitor the financial, social and environmental focus of our partners. Our social enterprise partners must be:

- Experts in inclusive finance, agriculture and renewable energy projects that will create income and jobs for financially-excluded groups - particularly women and rural communities.
- At mid-stage growth, revenue-generating, financially sustainable (or can soon become so) and have suitable governance in place.
- Demonstrating a clear need for foreign investment and are looking for equity or debt funding of between €2m and €15m+.
- Focusing on activities that promote fair trade principles and adhere to strict client protection principles.
- Appointing women to influential management and/or implementational roles.
- Placing responsible social and environmental impact at the heart of what they do, including adequate measuring and reporting of impact metrics.

While Oikocredit's ecumenical values and mission guide the co-operative culture and activities, we do not use our faith to filter out investments. We invest in partners across 70 countries across Latin America, Africa, Asia and central & eastern Europe. Diversity is central to our activities, while our mission remains centred around poverty alleviation and other goals, irrespective of faith.

The Future

The notion of socially responsible investing is still young, although gathering increased interest from churches, governments and private individuals as an additional way to help overcome some of the biggest world challenges alongside donations and grant funding. There is some way to go in building awareness for the social investing sector, Oikocredit, and educating the public on the role that it plays in improving peoples' lives and the planet in low-income and developing countries.

This document was compiled by Monica Middleton, National Director, Oikocredit UK & Ireland