



# **Vision & Strategy**

## **2018-2022**



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## Our Vision

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.

## Our Mission

Oikocredit challenges all to invest responsibly. We provide financial services and support organisations to improve the quality of life of low-income people or communities in a sustainable way.

# A vision based on our roots

Fifty years ago, church members discussed the creation of an ethical investment channel at a meeting of the World Council of Churches in Uppsala, Sweden. The idea of Oikocredit was born.

Much has changed since then, in the world and for Oikocredit. But what remains unchanged is our vision to develop 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.

Oikocredit has successfully demonstrated that improving the quality of life of low-income people and their communities in a sustainable way is possible – a notion that was doubted by many at the time of our founding in 1975.

With the funds entrusted to us by our members and investors we have made responsible investments in hundreds of partner organisations, ranging from institutions that provide access to finance to people that are left out of the regular financial system; to agricultural organisations that generate high economic and social impact for smallholder farmers; and renewable energy projects that bring energy access to remote areas across the globe.

Oikocredit has provided much more than just financing. Through our capacity building support, partners have been able to access new technology, knowledge and skills to support them in their growth and development.

In its mission statement Oikocredit challenges ‘all to invest responsibly’ and we are very proud to have been a catalyst in the exponential growth of impact investing – a market that’s now estimated to be worth \$228 billion.\*

With the growth of responsible investments, more options for funding and capacity building have become available to our partner organisations. This successful development of the sector now provides us with a unique opportunity to once again push the boundaries and distinguish Oikocredit as the frontrunner of social impact investing.

\* The Global Impact Investing Network 2018, Annual Impact Investor Survey 2018 - [Link](#).

## Enlace

El Salvador

Maria Juana Flores de Paulino uses the loans she receives from microfinance institution Enlace to buy materials to grow her basket-making business and to improve her home.





# Maximising social impact for low-income people and communities will continue to be our guiding principle.

Over the decades Oikocredit has amassed a wealth of knowledge and expertise and has developed strong networks across the sectors we are active in. With our footprint of local offices and proximity to our clients, we look beyond the one-off transaction to develop a long-term partnership focused on where we can add most value. Our insight allows us to understand our partners' needs and challenges and enables us to actively support them in going above and beyond to serve their clients and achieve their goals.

This powerful combination of knowledge and networks puts us in a unique position to be a catalyst for change. This means we can mobilise different actors (investors, donors, local agencies and other institutions) who jointly provide solutions that lead to measurable change in the lives of low-income people.

Our value proposition for partners will therefore go beyond providing credit or equity investments. We will work with them to maximise social impact for their clients and members by combining our funding with additional support, helping our partners execute their strategies to advance sustainable development.

With this renewed approach we will continue our growth trajectory, both in terms of growing in number and size of investments as well as growing our network of investors and cooperative members. Our loyal investors share our aim of creating a positive impact for those who are economically disadvantaged which will underpin our growth.

As one of the frontrunners of social impact investing, with a track record spanning over forty years, Oikocredit is uniquely placed to help advance sustainable development and tackle some of the pressing issues facing society, such as lack of access to finance, lack of access to clean energy, rural poverty and food insecurity. We are a cooperative committed to building a better world. Our commitment to creating positive change is as strong today as it was when Oikocredit was founded in 1975.

## Chajul

Guatemala

Farmer Domingo Medina Zacharias receives technical support and loans from coffee cooperative Chajul. This has improved the quality of his plants and increased production.

Photo: Opmeer Reports





# Updating our strategy

While we are proud of what we have achieved, we see that the world around us is changing fast and external trends are impacting the work we do. These developments compelled us to update our existing 2016-2020 strategy.

To stay relevant to the people we serve, we must continuously evolve and adapt. It is our duty to ensure that Oikocredit performs at the highest level that it can, in order to maximise social impact where it is needed most.

Darjeeling Organic Tea Estates

India

Tea being plucked at the Rangaroon Tea Estate.



# Our future focus

The combination of over 40 years of experience in impact investing, a loyal investor base deeply committed to Oikocredit's vision and mission and a global network of partners creates a unique proposition that few can match. We will build on this track record as we further develop Oikocredit in line with our strategic ambitions.

## Our strategic ambitions

1. We focus on **low-income people** in three priority sectors.
2. We work in markets where **need and opportunity** are the greatest.
3. We aim to **maximise our social impact**. At the same time, we will **safeguard the environment** and generate **fair financial returns**.
4. We lead **positive change as a catalyst institution** with a global network and local footprint, amplifying impact through both investments and capacity building.
5. We want to be the **preferred social investor and development partner** for our partner organisations.
6. We will further grow our **global member and investor community** and offer our investors the chance to be part of a global movement for social change.



Photo: Opmeer Reports

# 1. Focusing on low-income people in three priority sectors

We will continue to work with partner organisations which aim to contribute to improving the lives of low-income people and communities. We will focus on partners active in financial inclusion, agriculture and renewable energy – sectors where we see a clear need for investments that we can address with our funding and expertise.



Financial inclusion



Agriculture



Renewable energy

## Financial inclusion

Worldwide, 1.7 billion adults have inadequate access to formal financial services and do not hold accounts with a financial institution or mobile money provider. This leaves them unable to access reliable credit. Most of them have low and unpredictable incomes, and lack the resources to cope with unexpected household or livelihood needs, or to invest in a better future.

Our work promotes financial inclusion through partnerships with microfinance institutions and with banks that support small to medium enterprises (SMEs). Going forward, we will deepen our engagement with these partners. We will explore how we can help them expand their value proposition and maximise their social impact through financing (particularly for credit, payments and insurance) and capacity building.

We also seek partnerships with financial intermediaries beyond traditional financial institutions, such as Fintech companies that target underserved communities with innovative financial technologies and business models.

Our target audience – low-income people – benefits from Oikocredit's work both through the provision of financial services through microfinance partners as well as job creation and the provision of loans for small and medium businesses through SME banking partners.

As one of the leading social investors in financial inclusion, we will grow our role as a catalyst by bringing together partners, donors and other actors in order to amplify social impact for people on low incomes.

\* World Bank 2018, Global Findex Database 2017 - [Link](#).



ACEP

Burkina Faso

Mamounata Ouedraogo uses the loans she receives from savings and credit company ACEP to buy looms for her weaving business.

Photo: Philippe Lissac / Godong







#### Coopfam

Brazil

As a member of cooperative Coopfam, Dayany de Assis dos Santos Ferreira receives training to increase production of organic coffee.

### Agriculture

Growth in world population will lead to a 50% increase in food production by 2030, calling into question the ability of agriculture to meet the global demand for food\*. There are over 500 million smallholder farms worldwide that play a critical role in world food production, but most are vulnerable to climate change, volatile pricing and unfair competition\*\*.

Oikocredit is one of the leading global social investors in agriculture. We believe that investment in this sector is one of the most effective ways to reduce rural unemployment and poverty and contribute to local food security. The opportunities for growth are extensive, with untapped demand for smallholder finance estimated at over US\$ 150 billion\*\*\*.

Our agriculture portfolio supports small-scale farmers by providing access to finance and capacity building for agricultural cooperatives, producers, processors and distributors. Going forward, we will refine our agriculture strategy by focusing on key crops in each region. This will allow us to use our expertise to best support our agriculture partners through financing and capacity building.

\*FAO 2017, The future of food and agriculture - [Link](#).

\*\* IFAD 2013, Smallholders, food security and the environment - [Link](#).

\*\*\*Initiative for Smallholder Finance, RAF Learning Lab, and Dalberg 2016, Inflection Point: Unlocking growth in the era of farmer finance - [Link](#).



#### Fourth Partner Energy

India

Farmer Gopi Lal Saini used his loan from Fourth Partner Energy to buy a solar-powered water pump. The accessibility and reliability of the pump has resulted in improved crop production.

### Renewable energy

About one billion people live without access to clean, affordable energy, mainly in rural and often remote areas. More than 40% of the world's population do not have access to clean fuels and technologies for cooking. They are forced to rely on biomass, coal or kerosene for their daily cooking, leading to some four million premature deaths a year caused by household air pollution\*\*\*.

Renewable energy is Oikocredit's third and youngest priority sector, albeit the fastest growing. Our commitment to supporting the provision of affordable renewable energy responds to the challenges of energy exclusion as well as climate change. Our financing enables the provision of renewable energy in underserved regions, helping Oikocredit's partners introduce clean energy to low-income communities.

We focus on projects that generate maximum social impact, in particular off-grid solar, selective on-grid infrastructure projects and clean cooking. Re-focusing our portfolio in this way ensures we only invest where there are obvious benefits for local communities – such as improved living standards and health –

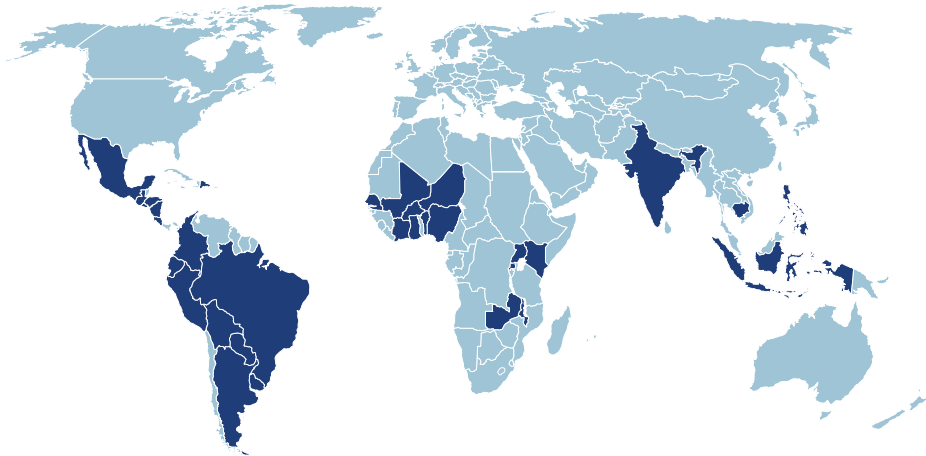
\*\*\*\* World Bank 2018, SDG7 Tracking: The Energy Progress Report - [Link](#).



## 2. Working in markets where need and opportunity are greatest

Going forward, we will offer loans, equity investments and capacity building to partners across three continents: Africa, Asia and Latin America. We will focus on countries where our analysis indicates that the need for social investments is highest and the opportunities for Oikocredit to have an impact and grow are greatest.

Being close to our partners remains at the core of our work, even as we adapt the structure of our organisation and local offices to reduce complexity and increase efficiency.



Countries where Oikocredit will focus its activities going forward

Komida  
Indonesia

Acem uses the loans she receives from microfinance institution Kiomida to grow sweet potatoes and rice.

Photo: Opmeer Reports





### 3. Maximising our impact while safeguarding the environment and generating fair financial returns

Achieving social impact has always been the key driver for our work. This was the case long before the term impact investing became popular. We have been a leader in promoting and implementing social impact measurement and we have shared our experience and expertise with others to advance the social agenda. Generating social impact will continue to be at the core of our work.

At the same time we continue to safeguard the environment across all our activities: in our own operations, in our investment decisions across all sectors and in the provision of capacity building. Oikocredit's environmental policy and the environmental lens in our due diligence of potential partners guide us in this endeavour.

Oikocredit does not aim for profit maximisation but aims to provide fair financial returns by generating sufficient results to be able to pay a dividend. We provide funding to partners in countries where economic risks are high. Despite these risks, we have been able to provide our investors with a fair return over the past decades.

**"Oikocredit has been among our best allies in alleviating poverty, especially among rural women."**

Financial inclusion partner,  
Guatemala

Fortaleza  
Ecuador

Lupe Mera is a cocoa-farmer and founding member of the Fortaleza cooperative.

Photo: Opmeer Reports





## 4. Catalysing change

We seek to develop partnerships rather than simply conclude transactions or projects. Over the past decades we have gained insight into partners' needs and challenges. This enables us to identify and mobilise partners and other collaborators that would not otherwise have come together. So that by combining our efforts, we can make the whole greater than the sum of its parts.

We act as a catalyst – coordinating and connecting our partners to multiple stakeholders, including investors, donors, local agencies and other institutions, adding value, knowledge and different kinds of funding to the process.

In doing so we take a lead role and spearhead original projects and solutions that lead to measurable change in the lives of low-income people. This allows us to respond to the needs of our partners and of the people and communities they seek to serve while at the same time growing our portfolio in a sustainable way.

**"Through our partnership with Oikocredit, we gain a trusted financial partner with sound knowledge of the clean energy space, and better opportunities for future support from other impact investors."**

Renewable energy partner,  
Asia

PEG Ghana

Ghana

PEG Ghana provides solar home systems to low-income and rural households in West Africa on a pay-as-you-go basis.

Photo: PEG Ghana





## 5. Being the preferred social investor and development partner

We want to be the preferred social investor and development partner by going further than simply concluding transactions: it means developing true partnerships and focusing on the value we can add to our partners. It is about asking partners where they want to go and helping them find the solutions. Where we cannot provide them ourselves, we connect partners with others who can.

Our staff are key in delivering on this ambition. Although we are a global organisation, we have decentralised structures with local staff on the ground. In addition, centralised service units support local staff so they can fully focus on serving the partners.

Our staff are committed to going the extra mile. Employee surveys show our staff are proud to work for Oikocredit. Increased investments in the capabilities of our people will help us add more value to our partners.

Improving our processes, reducing bureaucracy and adopting the right technology support us in our quest to be a more flexible and efficient organisation. Running our organisation efficiently is key to responding to partners' needs and adapting swiftly to changing environments.

**"Oikocredit visits us, consults us, understands our needs, and is not merely concerned about financial matters, but looks at the sustainability of the entire business."**

Agriculture partner,  
South America

**Coodimas**  
El Salvador

Workers employed by sugarcane farmer Carlos Vanegas, a client of savings and credit cooperative Coodimas, who used his loans to install this irrigation system.

Photo: Opmear Reports





## 6. Growing our global member and investor community

Oikocredit was founded by church organisations who wanted to create an ethical investment channel and has grown to almost 600 member organisations and over 56,000 investors. Oikocredit's members and investors helped create the cooperative, raise capital to sustain us and safeguard our mission, vision and values.

Our global member and investor community is unmatched. We have a core of committed and loyal investors, some of whom have been with us since our inception. Hundreds of people volunteer their time for Oikocredit through our support associations, promoting Oikocredit's work and running development education campaigns.

We offer our investors the chance to be part of a global movement for social change. We connect them not only to other like-minded investors in their own countries but bring them closer to the people who benefit from our work. We invite staff and volunteers of support associations on study tours where we show the impact our funding has in a particular country. We also invite representatives of partner organisations to events where they can share their stories with investors.

We regularly report to our investors on the outcomes of our work and share stories of people who have improved their livelihoods with the support of our funding.

**"I invest in Oikocredit because I want my money to be put to use where it is urgently needed and has the most impact. I like that Oikocredit follows up on the impact of its investments."**

Stefan Klein  
Author, Berlin

NWTF

Philippines

Theresa Tomaro's loans from microfinance institution NWTF have been used to grow her grocery business and improve her home.



Photo: Opmeer Reports







Coopetarrazu

Costa Rica

Coffee grower Armando Jimenez has used his loans from coffee cooperative Coopetarrazu to buy fertiliser and replace diseased coffee trees.

## Delivering impact and measuring success

To deliver on our strategic ambition, we have identified a number of objectives for which we have created key performance indicators to help us measure and report on our progress.



## Our outreach objectives by 2022



**2.3m**  
end borrowers reached



**100,000**  
farmers reached



**100,000**  
households with access to clean energy



**500,000**  
jobs created or sustained

## Maximise social impact

Oikocredit prioritises social impact above all other results. This focus sets us apart from our peers. To enable us to continue to maximise our social impact we aim to reach the following objectives by 2022 (based on 2017 figures):

- In financial inclusion, we aim to double the number of end-borrowers reached directly by Oikocredit funding to 2.3 million.
- Our partners will help create or sustain over 500,000 jobs (up 150% from 2017).
- In agriculture, we aim to double the number of farmers reached directly by Oikocredit funding to 100,000.
- In renewable energy, our projects aim to provide 100,000 households with access to clean energy (up from 15,600 in 2017).
- We aim for half of our partners to recognise us as a catalyst in their further growth and development.
- We aim to provide capacity building to at least 25% of our partners.
- We aim to improve the score achieved by new partner organisations on our scorecard for environment, social and governance (ESG) criteria by 10%.
- We aim to grow our total development financing portfolio by 85% to € 1.8 billion.





# Strengthen meaningful relationships with our global member and investor community

Our members and investors promote Oikocredit's work and provide us with the funds to make investments. Together with our members:

- We aim to grow the number of investors by 25% to 70,000 investors by 2022.
- We aim to strengthen our cooperative through increased membership engagement.

## PEG Ghana

Ghana

Oikocredit regularly organises visits to partners and end-clients for its investors. Here we see a visit to solar company PEG Ghana.

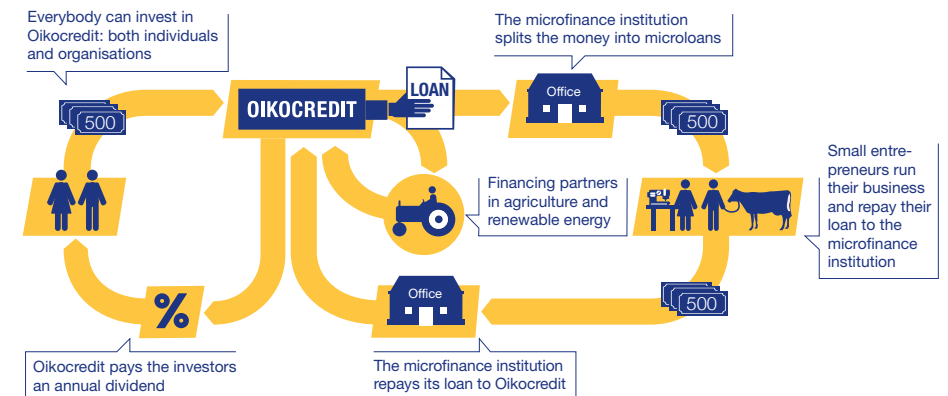




# Generate fair financial returns for our investors

Our investors choose Oikocredit to invest their money as they primarily want to see a social return. We aim to also provide a fair financial return to investors. Therefore:

- We aim to have a well-diversified portfolio across countries, partners and sectors, in order to reduce risks at portfolio level.
- We aim to generate sufficient profitability in order to pay a fair financial return in line with market developments and to strengthen our reserves.
- In addition to growing our portfolio, we aim for a significant reduction of our operational costs as a percentage of total assets from 3.1% in 2017 to 2.4% by 2022.



Oikocredit investment cycle

India

Oikocredit staff and members of support associations at their annual gathering. The 2018 event took place in Chennai, India.





## About Oikocredit

Oikocredit is a social impact investor and worldwide cooperative with over four decades of experience in promoting sustainable development through investments in financial inclusion, agriculture and renewable energy.

Guided by the principle of empowering low-income people to improve their livelihoods, Oikocredit supports partner organisations in developing countries

through loans, equity investments and capacity building.

Social impact is at the heart of Oikocredit's work. Through our network of local staff we are able to respond to partners' needs and offer solutions that go beyond financing. We prioritise social impact while safeguarding the environment and generating fair financial returns for our investors.

Oikocredit is privately financed through over 56,000 institutions and individuals. The cooperative was founded in 1975 as an ethical investment channel for individuals and institutions who wanted to use their money for positive change.

Oikocredit's loyal and committed community of cooperative members and investors enables us to provide long-term capital to our partners.

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Rwanda

Rice field owned by SODAR client Jean-Pierre Bamenya. SODAR is a rice company which processes rice for farmer cooperatives.