

Oikocredit's Strategy

**Building
community
resilience**





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Photographers: Makmende, Opmeer Reports,
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Mission and vision

Oikocredit is a social impact investor and worldwide cooperative. As a frontrunner in social impact investing and with a track record of nearly fifty years, Oikocredit has been able to help advance sustainable development to tackle pressing issues facing society.

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

At the same time, our world is constantly changing as we face one crisis after another. People at the bottom of the pyramid are often the first to suffer and to experience worsening poverty.

There is a profound need for greater resilience among low-income communities. If we want to further help improve the quality of life of low-income people and communities in a sustainable way, there is more work to be done by our cooperative and global network.

To achieve an even greater social impact, we've developed a new strategy with a clear community-focused approach. Whether it's working with our partners to meet the needs of low-income people or bringing together our members and investors, a community-focused approach will benefit all areas of our work.

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.

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.



Unaitas - Kenya
Naomi Nyambura Maina, member of Unaitas, gathering eggs from the hen house on her farm.

The journey

Our 2018-2022 strategy brought about many improvements, made us more resilient and put us in a stronger position to deal with the setbacks of the Covid-19 crisis.

Yet as the world slowly recovers from the effects of the global pandemic, we're still faced with climate change, environmental degradation, natural disasters, global and local health crises, war and rising inequalities.

These crises have compelled us to think about venturing into new areas and approaches whereby we can achieve an even greater impact and go where others are not yet prepared to go. We want to advance responsible lending.

These concerns and ambitions set the stage as we embarked on our new strategy journey. In the true cooperative spirit, we involved various people throughout the Oikocredit network in the process of creating our new strategy. This included members, partners, Oikocredit's support associations and our own staff. This process resulted in more than 400 interactions with over 150 stakeholders, matched with market research.

We want to unite and strengthen all of the communities we strive to support. After listening to our partners and the communities they serve, we are convinced that a new, holistic approach is essential in addressing their needs. It will also enable us to better serve our members and investors, who want to see and experience the impact of their investments.

As a result, we are venturing into new initiatives, which include education, housing, water and sanitation, and community infrastructure, as part of our community-focused approach. At the same time, we will continue to work in our focus sectors of financial inclusion, agriculture and renewable energy.



Where we work

Oikocredit uses the Gall-Peters projection map. Scan or click on QR code to [Read more.](#)



■ Where Oikocredit focuses its investments

Our strategic direction

To strengthen community resilience and advance responsible investing, our new strategy focuses on three main pillars:

- Building a holistic approach to support communities
- Nurturing a global impact-making movement
- Facilitating a more direct connection between partners, communities, and members and investors.



More about our strategic approach

To learn more about our strategic approach and each of the three main pillars, scan or click the QR code to watch the video.



Corp. Prodesa, Corporación para la Promoción y Desarrollo - Nicaragua
Florencio del Carmen Salazar Miranda working in his carpentry workshop.



Njeru Industries Ltd - Kenya

Njeru Industries Ltd is a family-owned business that has become one of the largest family-owned tea estates in Kenya. The tea estates are located in Igembe District, Meru County in the Nyambene mountain ranges that are part of the Mt Kenya region.

Community-focused approach

A strategy centred around a community-focused approach has benefits for all aspects of the cooperative and the people we strive to serve.

Oikocredit supports partners that aim to further develop the communities they are active in

What is the concept

We work with partners that aim to improve resilience and access to select primary needs in the communities they are active in while minimising the impact on the environment.

Key benefits

For partners (Investees)

Enables partners to respond faster and more effectively to the needs of the communities they operate in.

For Oikocredit

Ability to engage more closely with mission-aligned partners (current and new), growing our impact and ensuring long-term investment opportunities.

For end-clients






Access to basic services, improved resilience to poverty and greater opportunity to live the life they aspire to.

Our role in the community-focused approach:

- 1 We identify partners** with community-oriented goals and **explore together** what the communities they serve most need to increase people's resilience
- 2 We drive** the co-development of new initiatives that are replicable and scalable and **facilitate connections** between people and organisations to help **solve community problems**
- 3 We finance solutions and provide and facilitate capacity building and technical assistance** through all phases of initiatives' lifecycles, from riskier 'seed capital' to maturity, and find other investors and donors when needed

Our research revealed that housing, education, healthcare, community infrastructure and water and sanitation, are crucial in building resiliency across our focus regions. They are also clearly connected to the United Nations Sustainable Development Goals (SDGs).

These community-focused activities may change or develop as we continue to explore community-focused projects with our partners.

Sector	SDG	Need
Education	 4 QUALITY EDUCATION	More than 600 million school-age children worldwide are not in school or receive substandard education ¹
Health	 3 GOOD HEALTH AND WELL-BEING	4 billion people lack access to quality and affordable healthcare ²
Housing	 11 SUSTAINABLE CITIES AND COMMUNITIES	1.6 billion people live in inadequate housing conditions ³
Water & Sanitation	 6 CLEAN WATER AND SANITATION	4.5 billion people lack adequate access to safe water and/or sanitation facilities ⁴
Community Infrastructure	 7 AFFORDABLE AND CLEAN ENERGY	759 million people lack access to electricity ⁵

Global needs and SDGs linked to activities we will be exploring with our existing partners.

¹ Source: Unesco, 2022, [617 million children and adolescents not getting the minimum in reading and math](#)

² Source: World Bank and WHO, 2017, [Half the world lacks access to essential health services](#)

³ Source: United Nations and NYC, 2019, [Inclusive United Cities for All: Affordable Housing and Homelessness](#)

⁴ Source: WHO and Unicef, 2021, [Progress on household drinking water, sanitation and hygiene](#)

⁵ Source: United Nations, 2021, [Theme report on Energy Access](#)

Want to learn more about our community-focused approach?

Scan or click on the QR code to read our latest Impact Report.



Caja de Crédito de Soyapango - El Salvador
 Maria Esperanza Lopez de Sanchez lives in Colonia Sierra Morena in Soyapango, a suburb of San Salvador. Here she owns and runs a small shop in the front of her house.



Continuing in our focus sectors

As we gradually build up our new portfolio of community-focused projects with partners from our current portfolio, the majority of Oikocredit's work will remain in financial inclusion, agriculture and renewable energy. Our focus sectors continue to be crucial in empowering low-income people and their communities.

While we continue supporting our partners and strengthening our work in these areas, we want to establish a community-based mindset across our focus sectors and partners. This way we will continue to explore with our focus-sector partners ways to strengthen the communities we serve together.

Our focus sectors

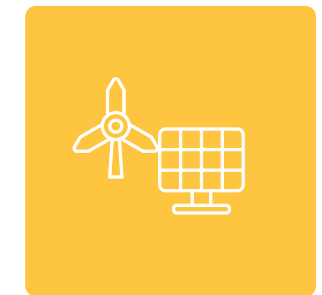
Financial inclusion



Agriculture



Renewable energy



Vreedhi Financial Services - India

Pittala Rama Rani owns a tailoring business together with a "fancy shop", selling fashion and beauty accessories. Before she started the business six years ago, she was earning an income just from tailoring.

Financial inclusion

More than a billion adults worldwide have inadequate access to formal financial services.¹ This leaves them unable to access reliable credit or savings accounts. Most of them have low and unpredictable incomes and lack the resources to cope with unexpected household needs or to invest in a better future.

Oikocredit has been investing in financial inclusion for nearly 50 years. By increasing access to loans and equity investments, Oikocredit helps its partner organisations become stronger and more sustainable social businesses. Our financial inclusion partners in turn increase access to responsible and reliable financial services for low-income people. They also encourage employment generation through provision of financial services to small and medium enterprises (SMEs).

The responsible financial services provided by our partners help to empower low-income people. These services give our partners' end-clients opportunities to increase their income, savings and insurance coverage, as well as access to resources to cope with unexpected needs, and it helps them strengthen their businesses.

¹ Source: World Bank Global Findex Database 2021



Agriculture

Over 500 million smallholder farmers worldwide¹ play a critical role in world food production, but most are vulnerable to low and volatile prices, unfair competition and the effects of climate change, such as droughts and floods.

Investment in primary agriculture and local processing is one of the most effective ways of reducing rural unemployment and poverty, and it contributes to local food security. Yet smallholder farmers often lack access to finance. The demand for finance to support smallholder farmers in improving their livelihoods is estimated at more than US\$ 150 billion².

To help address this issue, Oikocredit increases access to loans, equity investments and capacity building to help strengthen farmer cooperatives and other social and sustainable organisations that work with smallholders.

Our agriculture partners help farmers increase productivity and crop diversity and provide access to markets, often with improved terms of trade. Our partners offer training and, where needed, help farmers form cooperatives. This support leads to increased income and stronger, more financially stable farming businesses, contributing to the empowerment of smallholder farmers to improve their lives.

¹ Source: FAO 2018, [The Future of Food and Agriculture](#)

² Source: FAO, 2016, [Inflection Point: Unlocking Growth in the Era of Farmer Finance](#) (Learning Lab & Initiative for Smallholder Finance)

Renewable energy

Nearly 750 million people live without access to clean, affordable and reliable electricity.¹ And 2.4 billion² of the world's population have no access to clean cooking solutions, leading to nearly four million deaths a year from indoor air pollution³.

By financing renewable energy providers, Oikocredit helps these partners become stronger sustainable and social businesses. As our partners grow, they reach more customers with products and services that meet the needs of low-income people and increase their access to clean energy.

Increased access to clean energy contributes to improved living standards and health and to empowering low-income people with opportunities such as using clean energy to power income-generating activities and home lighting so that children can study after dark.

¹ Source: World Bank 2022, SDG7 Tracking: [The Energy Progress Report](#)

² Ibid

³ Source: World Bank 2022, Household Air Pollution and [Health Fact Sheet](#)



Sulcredi Crediluz - Brazil

Marilene Pacassa Biazin owns a bakery together with her husband in Santa Catarina. They want to run their bakery in Santa Catarina exclusively with renewable energy in the future. They have already financed 60 solar panels with the last loan from Sulcredi Crediluz.

Investor community

Needs of our investor community

In light of this new community-focused approach, we have been working with our global community of members and investors to better understand their needs while simultaneously designing a new capital-raising model.

Based on our stakeholder engagement and research, we identified that investors:

- want to belong to a **social impact community**
- are interested in how to **engage beyond investing**
- want to **experience the impact** of their investment more **directly**
- are increasingly managing their lives and finances **digitally**

We want to enable investors to be part of a better world, facilitating participation in impact through investments, donations and coordinated action. Therefore, we will focus on bringing partners and beneficiaries (end-clients) and investor communities closer together through digital and live channels and experiences to cultivate our global movement.

New capital-raising model

Oikocredit is developing a new capital-raising model with the aim of enabling any eligible individual or organisation to invest directly in Oikocredit International's work.

By offering a single product in almost all the countries where we raise capital, we expect Oikocredit's work to become more efficient. This will enable our cooperative to invest more time and money in partnerships and projects that benefit low-income communities and promote sustainable development, alongside our global network of investors, members and partners.

The support associations will continue to promote Oikocredit's mission in their regions, nurture local communities of investors and connect them with Oikocredit and its partners. They will also continue promoting education on sustainable development together with Oikocredit.

The new model is planned to be rolled out incrementally across different countries over the coming years.

Objectives

Asociación Proyecto Aldea Global - Nicaragua
Francisco de Jesus Picado Blandon is a farmer. His family farm is located in Santa Caramela. He grows cabbage (his main crop), celery and potatoes.

In developing our new strategy and establishing a community-focused approach throughout our cooperative, we aim to:

Create resilience and long-term impact for low-income people

Enhance the impact of our current and prospective partners through capacity building and technical assistance

Remain committed to our current focus sectors of financial inclusion, agriculture and renewable energy, and at the same time to diversify our portfolio into new sectors to improve community resilience

Pay a fair and stable return to our investors

Be the preferred social impact investor for investors

Secure sufficient member capital to support the growth of our development financing portfolio.

We are confident that this will bring us even closer to 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.



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 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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