



An international development finance co-operative, investing our clients' capital for people, prosperity and planet for over 4 decades.

Monica Middleton, National Director, Oikocredit UK & Ireland,
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Being at this interfaith forum...

...As a Syncretist – combining different beliefs, while blending practices of various schools of thought, especially in theology...

...As an Oikocredit representative – combining diverse traditions in the field of development finance

1) Framing my given subject matter: Working with diverse perspectives for over 40 years to find a common purpose and translate this into impactful investing

A few phrases which resonated with me from the first round of speakers. Perhaps to hold in your minds in the context of interfaith investing activities:

- From the Church of Sweden (one of Oikocredit's founding members): We must invest for eternity and accept risks to get a return.
- From Tribe Capital: We must think about impact investing as a philosophy not an asset class.
- From Hermes/Wheb: We must think about a purpose not a portfolio if we are to effect real change.

Sets the stage for telling the story of Oikocredit (whose name combines Greek for community and Latin for belief or loan).

2. Oikocredit's purpose: The brainchild of the World Council of Churches

We were born amidst questions surrounding the role of money and faith in solving the global challenges of the time. That is, the 60s and 70s - a time of global unrest with the Vietnam War, Apartheid, world poverty top-of-mind (JFK inaugural speech).

Activist young priests and church congregations from very diverse Christian churches were firstly looking to create a co-operative alternative to banks - a place where they could keep their reserve, liquid capital, where it would 'do no harm'. In other words, divesting from banks which funded activities deemed harmful to world peace and justice. An attitude that draws parallels perhaps with today's divesting in the challenges of our era: fossil fuels, arms trading, child labour etc.

Secondly, they were imagining an alternative 'ethical' investment/savings vehicle, available to all individuals and institutions. One that could sit alongside philanthropic/charitable activities and generate a joint financial and social return, rather than a financial return only.

This joint vision of activist young priests and congregations of diverse member churches of the World Council of Churches, elevated them above their particular flavour and traditions of Christianity or the precise missions and needs of their particular church, and enabled them, in 1975, to come together to create a co-operative alternative to a bank – Oikocredit.

The same dream paved the way, three years later, to pioneer one of the first ethical/responsible investing products, where capital from churches and congregations and ordinary members of the public focused on lending to the most financially-excluded groups (poorest, women, rural) in the world so that they could create their own paths out of poverty through loans (what is now known as microfinance).

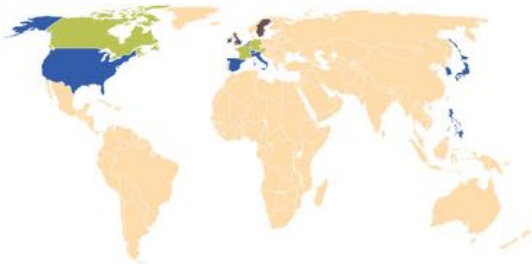
Poverty and its associated challenges were thus the lenses (not religion) which united these diverse Christian traditions wanting to apply their faith to purpose and action through the instrument of investment.



Oikocredit's early microfinance activities, India, 1978

3. 42 years on, Oikocredit is one of the oldest, private social investors in the world

Capital-raising



Capital-placing



Our head office is situated in the Netherlands – leading our investment and capacity-building activities across 70 countries. We raise capital across Europe and North America from our 575 faith-based, member-shareholder institutions (Church of Sweden, Sisters of Mercy) as well as the wider public: both individuals and organisations.

We invest this capital in over 800 social enterprises – primarily active in microfinance, smallholder agriculture and renewable energy – all of whom must generate a positive social, financial and environmental return in low-income countries across Africa, Asia and Latin America.

We top up some of these investments with capacity-building funds - smaller, but important donations from churches (like the Church of Sweden) and development banks. This helps our social enterprise partners (particularly agri) and the disadvantaged communities they serve build skills, while helping to reduce the risk of our investment portfolio – a pot which last year equated to over € 1bn from 53,000 investors, including 6000 institutions.

3. The dynamics of diverse views remain a vital part of our co-operative culture



As a co-operative, we use the active engagement of our diverse members (voting at AGMs on certain motions, grass roots faith-based support associations and other investor forums)

to remind ourselves of our purpose and the investing activities that are salient to the issues of our current time and aligned to this purpose.

a) A purpose that still focuses on using our investors' capital to 'do good', as opposed 'to doing no harm' (through screening)

Our focus and mission are to invest in areas which 'do good'

'Do No Harm' investing

'Do Good' investing



Oikocredit International Share Foundation
Up to 2% annual financial return since 1995
Withdrawable investment product
Conditions apply, your investment is at risk. It is not covered by a financial compensation scheme and is potentially illiquid.

OIKO CREDIT
Investing in people

b) Aligning for many decades with the SDGs (which we now report on alongside our own social and environmental performance data, which was awarded by Responsible Investor this year – they are here with us in Zug).

Oikocredit and the Sustainable Development Goals



SUSTAINABLE DEVELOPMENT GOALS

1 NO POVERTY

2 ZERO HUNGER

5 GENDER EQUALITY

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

Particularly:

- SDG1, no poverty [38% adults (2bn people) still lack access to basic financial services and small credit lines to build their own path out of poverty, particularly women and rural communities].
- SDG2, no hunger [1 in 4 of the world's poorest people live in rural areas - relying on agricultural activities to meet their daily needs while combatting climate change

impacts on their crops, unfair trading conditions and supplying an estimated 70% of the world's agricultural produce]

- SDG5, gender equality
- SDG7, affordable clean energy [*an estimated 1.2 billion people still live without access to clean, affordable energy – 4 out of 5 living in rural (often remote) areas]*
- SDG8, decent work and economic growth

c) Selecting our investee partners firstly through the lens of long-term social and environmental outcomes in our priority sectors of microfinance, smallholder agriculture, renewable energy - then working back to the financial return (again not a religious lens).

d) Ruthlessly prioritising (we specialise in certain sectors – microfinance, agriculture, renewable energy, and certain geographies - Latin America, Sub Saharan Africa, Asia) so that we do not spread ourselves too thinly.

e) And sustaining ourselves – we must make a modest profit to survive.

4) Moving through difference at the co-operative: When the talk goes low, we take it high

Oikocredit operatives in the spirit of transparency and engagement and therefore has many forums and committees. But our committees are not there to delve into every single detail, discuss them to the nth degree and seek 100% consensus. As one of my fellow Dutch peers once told me: “that is a bar not a committee”.

Our committees are there to discuss the higher-level principles and give input, letting the management and operational teams (monitored by a supervisory board) (the experts) get on with the final decision-making and details.

If I have one really important insight regarding syncretism or interfaith or co-operative working or democratic structures, it is this: We don't all have to be across all the detail, all of the time, neither do we all have to agree on all of that detail.

It is the bigger picture we need to agree – what is our joint purpose (in two lines), what are the SDGs we want to pull focus on and measure (they provide an easy framework), what is the type of entity and governance structure we need – the rest really is detail.

At Oikocredit, we have ensured that our vision, our mission and our purpose guide us for four decades and, as consequence, have not just the people-prosperity-planet data to share - but the stories to tell...

Thank you sincerely for your kind attention, and especially to ARC, for gathering us all in this wonderful place to address some of the biggest challenges we face in the world, and to think about the role of faith and money in supporting our shared missions.

Monica Middleton, National Director, Oikocredit UK & Ireland

After graduating with a BSc (Hons) in Business Administration, Monica spent 20 years in the world of multi-nationals and start-ups before stepping off the corporate career ladder to take an MSc in Sustainability & Responsibility. Her desire to focus on more purpose-led organisations led her to Oikocredit in 2014 where she heads up their UK & Ireland operation and focuses on raising investment capital to support Oikocredit's development finance mission. Monica also sits on the Executive Board of Cafédirect's Guardian Sustainable Company (a well-known UK Fairtrade coffee and tea company), and is a Steering Committee Member for UK Women in Social Finance.

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