

GLOBAL CO-OPERATIVE IMPACT FUND

GCI Fund

FOUNDERS

The International Co-operative Alliance
Crédit Coopératif – a leading French co-operative bank

VISION

Because they contribute to a nation's social capital, co-operatives are critical for progress in developing countries. Most of them need access to finance especially for long term investments - a gap in the mainstream market. The GCI Fund aims to raise funding to help plug this gap, and in doing so to pioneer a legacy of investment in co-operatives while establishing them as an asset class alongside SMEs and microfinance.

OBJECTIVES

Together with beneficiaries, the GCI Fund will adopt an integrated development approach to help co-operatives overcome their challenges through:

- Fair priced finance to fund quasi-equity and long term needs
- Building management capacity, particularly in financial management, business planning and impact measurement via technical assistance
- Improving understanding of the unique co-operative identity
- Establishing co-operatives as an investment class
- Demonstrating the impact of the co-operative models for the members/final beneficiaries

INSTRUMENTS

	Investment Fund	Technical Assistance Facility
Legal Form	Investment company structured as an Open End Fund Limited company under Belgian Law	Embedded in the Fund
Size	EUR 15M (1st targeted tranche)	Tailored to the available funding
Funding	Equity (100%)	Donations and contributions from public and philanthropic institutions (100% funding addressed to beneficiaries)

GOVERNANCE

- Pauline Green, Board Chairwoman, to enforce co-operative principles
- Investors representation on the Board of Directors and on the Investment Committee
- Board approves strategy and annual budget
- Investment Committee takes investment decisions

MANAGEMENT

Impulse Europe, subsidiary of Crédit Coopératif

TARGETED INVESTORS

Co-op investors

Regional and national co-operative federations, co-operative banks, other institutions initiated by the co-operative movement at international level, COOP members.

Institutional investors

Development financial institutions (DFIs), aid agencies, multinational companies, ethical banks, impact investors

INVESTMENT POLICY

- Geographic and sector target: Africa with focus on agriculture
- Targeted beneficiaries:
 - Financial institutions (coop banks, credit unions, co-operative MFIs, MFIs working with producers co-operatives ...)
 - Large co-operatives or co-operative groups
- Security ratio:
 - country/region limits
 - Min 75% in financial institutions
 - Max 25% in non-financial institutions



International
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CREDIT
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PURSUING THE 2020 VISION AND IMPLEMENTING THE BLUEPRINT STRATEGY

The starting point for the strategy for a global co-operative future is the powerful claim which co-operatives make to the outside world: that they have a way of doing business which is both better, and brings a more effective balance to the global economy. The **GCI Fund** is positioning itself as a leader institution to provide **long term financing** to co-operatives in developing countries so that they may be established, grow and flourish. Granting reliable and dedicated funding to co-operative models we build the **cooperative identity** and strongly encourage **participation** within membership and bring **governance** to a new level of consideration.



FOUNDERS COMMITTED BEYOND THE CO-OPERATIVE IDENTITY

The **International Co-operative Alliance** is an independent, non-governmental organisation established in 1895 to unite, represent and serve co-operatives worldwide. The Alliance provides a global voice and forum for knowledge, expertise and co-ordinated action for and about co-operatives. The members of the Alliance are international and national co-operative organisations from all sectors of the economy. The Alliance has members from 100 countries, representing close to one billion individuals worldwide. The Alliance is chaired by Dame Pauline Green.

Founded by entrepreneurs in 1893, **Crédit Coopératif** is the bank of social and solidarity economy in France. Through a nationwide network, its subsidiaries and affiliated organizations, the bank accounts EUR 16 bn assets of which 74% are loans to cooperatives, SMEs, general interest organizations and individuals who share the same vision. Crédit Coopératif became in 2008 member of BPCE Group, one of the leading bank in France and Europe. Crédit Coopératif is chaired by Jean-Louis Bancel, who is also chairperson of the International Cooperative Banks Association (ICBA).

MEASURING MULTIPLE BOTTOM LINE SUCCESS

The GCI Fund plans to measure performance not only at financial and social level but also based on environmental issues and cooperative governance level. The monitoring process will be based on a matrix of user-friendly indicators agreed with beneficiaries at the time of application. Reporting commitment will be quarterly for financial performance and annually for social / environmental/ governance performance assessment (which will also include a measure of impact). Based on those criteria an analysis will be performed to check the beneficiaries' achievements and set new goals. The governance code will cover participative, ethical and financial considerations that beneficiaries will be required to observe.

EXAMPLE OF METRICS

- Number of co-operatives members
- Total dividend to members
- Co-operative member dividend/household budget
- Number of active borrowers
- Percent of female borrowers
- Number of children at school
- Number of clients below the poverty line
- Average loan per borrower/GNI per capita
- Number of jobs supported
- Number of green loans

TERM SHEET FOR INVESTORS

	Investment Fund	Technical Assistance Facility	
SUBSCRIPTION OFFER	Offer for Subscription	Regular shares	Donations and contributions
	Minimum Commitment	Minimum EUR 250.000 shareholder subscription	No minimum
	Term	10 years	Aligned on Fund duration
	Liquidity	- No liquidity during first 7 years (then possible with 6 months prior notice)	
	Expected Financial Return	- Dividends + added value at winding up - IRR around 4%	
	Expected non-financial return	<p>Economic: Development of income-generating activities and extension of the market economy to the bottom of the pyramid.</p> <p>Social: Incorporation into the labour market of unemployed and persons in difficulty (particularly farmers) excluded from the classical banking system.</p> <p>Environmental: Contribution to the development of sustainable agriculture systems.</p> <p>Co-operative Governance: Empowerment of the civil society embracing the co-operative models in developing countries.</p>	
INVESTMENT POLICY	Management	All investment decisions to be taken by the Investment Committee with Impulse Europe acting as fund advisor	
	Management Fee	2%	Coordination and administration included in the 2% management fee
	Expected Date of the First Closing	Q2 2015	Q3 2015
	Targeted Beneficiaries	Financial institutions (coop banks, credit unions, cooperative MFIs, MFIs working with producers co-operatives ...), large co-operatives or co-operative groups	
	Product Offer	<ul style="list-style-type: none"> - Senior loans (3 to 5 years) - Subordinated loans (5 to 7 years) - Loans in local currency as a rule (in EUR/USD if possible) - Remuneration: interest rate on the lower range of the market + up-front fees (0.5-1%) 	<ul style="list-style-type: none"> - Capacity building (governance, organization and process, products) - Financial engineering - Social Performance Management and Impact evaluation
Loan Size	From EUR 300,000 to 3,000,000 per individual loan	Project based, depending on initial needs appraisal	

SPOTLIGHT ON THE FUND MANAGER

Impulse Europe, a Crédit Coopératif subsidiary, is a Fund management company with more than 10 years of experience in supporting socially oriented financial intermediaries. The company gathers a professional team of 7 people with a cumulated experience of 90 years of field and investment expertise. Relying on the strong success of CoopEst – see key figures below – Impulse Europe is developing its expertise to similar vehicles and new regions of the world. To provide the relevant services to the GCI Fund, Impulse Europe team will be increased by corresponding high profile professionals.

CoopEst

- Investment company with EUR 39M portfolio for a total investment capacity of EUR 41M
- 32 clients in 10 Central and Eastern European countries
- Clients are coop banks and credit unions/saving associations (45% of portfolio), microfinance institutions (47,5%), mutual company (7,5%)
- Fund generated above 5% ROE on the last 2 years and distributed first dividend in 2013
- Wide range of investors: co-op and ethical investors, international institutions (EIF, IFC) and other European social funding partners

For further information, please contact
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