



VISION

To demonstrate the impact potential of a self-sustaining unfunded guarantee facility by piloting a new program that leverages balance sheets and unlocks catalytic community development investing in three verticals - affordable housing, small business, and climate - through an intentional lens of racial equity and impact.

HOW CIGP WORKS

- Centralizes a source of credit enhancement for intermediaries
- Reduces complexity by building capacity to deploy and manage guarantees
- Accelerates community investment without requiring current endowment liquidity
- Mitigate losses by sharing them pro-rata across a pool of investors

Sample Guarantee Use Cases

Sector	Impact Summary	Loss Position
Affordable Housing and Climate	Save 1,800 low-income people \$19mm in system lifetime energy bills and reduce CO2 emissions by financing energy efficiency upgrades	Shared first-loss protection credit enhancement and liquidity facility to protect third party lenders
Small Business and Affordable Housing	Support successful developers of color growing their project size and winning more bids for local private and municipal development contracts	Shared first-loss credit risk protection on portfolio of affordable housing related developer loans
Small Business	Establish a new fund to support CDFI small business loans to entrepreneurs from marginalized communities with expected impact of wealth creation, new job creation, and narrowing wealth gap	Second loss position in credit risk protection (additional loan loss reserve) on an asset-pool of CDFI loans
Small Business	Support start-up food co-ops to create access to healthy foods for over 13k families, create 340 living wage jobs, strengthen 1800 small local farms and generate \$10mm of economic activity in local communities	Second loss credit risk protection; supplemental loan loss reserve on a portfolio on new loans
Small Business	Strengthen the businesses and wealth of entrepreneurs of color in Persistent Poverty Zones throughout low-income counties in the Delta States	Capped second-loss credit risk protection

CIGP Guarantors



CIGP Supporters*



* The Rockefeller Foundation provided grant support toward startup costs. The William and Flora Hewlett Foundation is providing grant support for climate guarantees. The Wells Fargo Foundation is providing grant support for affordable housing guarantees.

THEORY OF CHANGE

By aggregating guarantee commitments and deploying them to a strategic portfolio of intermediaries lending for affordable housing, small business, and climate purposes, CIGP will:

- Create efficiencies and spread risks for guarantors, encouraging more guarantors to leverage their balance sheets through unfunded guarantees.
- Facilitate access to credit enhancement and other guarantee uses for intermediaries.
- Enable intermediaries to undertake “riskier” transactions that are innovative and promote racial equity, thereby testing is “real” vs “perceived” risk.
- Unlock new capital for community development projects related to affordable housing, small businesses, and climate.



Investor Participation Details

Unfunded Guarantee Commitment	Current average \$3.5mm; \$1mm minimum
Term	15 years from pool launch (Dec 2019)
Investment Fee/Grant	\$69k per million committed; (e.g.) \$3mm guarantee would be \$207k
Committed Guarantees	\$42.1mm
Additional Funding Opportunities	Technical Assistance, Operating Support, Small Business Sector Sponsor



Respond. Rebuild. Re-imagine.

Now more than ever, philanthropic investors are looking for ways to rebuild and create resilient communities and looking for new tools to help communities flourish. Using the strength of their balance sheets, foundations can unlock essential capital to rebuild our economies.

To address the urgent needs of today and build a sustainable future for tomorrow, we not only need more investors to engage in community investing, but we need different types of capital to work better together - more effectively and efficiently.



CONTACT

For more information on this initiative, reach out to us at:
www.guaranteepool.org
cigp@locusimpactinvesting.org