

## I. Organization Background Information

### **Name of Organization:**

Inclusiv

### **Mission Statement:**

**Please limit to 1000 characters. Please be aware that your content may be truncated if you are pasting from another source.**

Inclusiv's mission is to help low - and moderate-income people and communities achieve financial independence through credit unions. At Inclusiv, we believe that true financial inclusion and empowerment is a fundamental right. We dedicate ourselves to closing the gaps and removing barriers to financial opportunities for people living in distressed and underserved communities. Inclusiv is a certified CDFI intermediary that transforms local progress into lasting national change. We provide capital, make connections, build capacity, develop innovative products and services and advocate for our member community development credit unions (CDCUs). Inclusiv members hold \$100 billion in community-controlled assets and serve 10 million residents of low-income urban, rural and reservation-based communities throughout the nation. Founded in 1974 and headquartered in New York City, Inclusiv is the CDFI and financial inclusion authority for the credit union industry.

## Overview of Organization:

**Please limit to 2500 characters. Please be aware that your content may be truncated if you are pasting from another source.**

Inclusiv is the leading national CDFI intermediary that represents, supports, and invests in community development credit unions (CDCUs) serving low - and moderate-income consumers. With nearly 300 mission driven credit unions, the Inclusiv Network operates in 48 states, Washington D.C. and Puerto Rico, meeting the financial needs of underserved populations historically excluded from mainstream financial services and playing an active role in the economic revitalization of disenfranchised communities.

Inclusiv carries out its mission by channeling investments to increase its network's capacity to respond to the needs of their communities, developing innovative approaches to serve low-income consumers, fostering strategic partnerships, identifying best practices and lessons for serving underserved communities and providing education and training to CDCU leaders. Inclusiv also builds CDCUs' capacity to serve low-income communities through technical assistance, webinars, practical tools and guides, and customized consulting services to support their growth and service to low-income communities.

Inclusiv has developed innovative programs that help CDCU's better serve the people who need them:

Inclusiv Communities provides programs for reaching communities underserved by the financial mainstream. Current initiatives include Juntos Avanzamos, Pathways to Financial Empowerment, the African American Credit Union Initiative and On the Rise Financial Center.

Inclusiv Technology is a customized shared core platform that offers credit unions of all sizes robust back-office accounting, processing, and compliance support. It also enables CDCUS to measure, evaluate, and report on their impact in the community.

Inclusiv Capital, which seeks to strengthen our members financial capacity and enable them to offer innovative and responsible loan products in their local communities. Since its creation in 1982, Inclusiv Capital has invested more than \$120 million in its member CDCU's

Inclusiv Mortgage is a secondary market program that purchase seasoned, performing mortgage loans from member credit unions to replenish their loan capital so they can expand their lending in local communities.

Inclusiv is also advocates for CDFI credit unions with government agencies, regulators and lawmakers for policies and programs that promote the safety and soundness of credit unions while allowing them to grow and promote the financial inclusion of low-income communities.

**Website:**

www.inclusiv.org

**II. Proposal Contacts - Please enter information for the Primary and Secondary Proposal Contacts**

Primary Contact

**First Name**

Pablo

**Last Name**

DeFilippi

**Title**

SVP of Membership and Network Engagement

**Email Address**

pablo@inclusiv.org

**Phone**

212.809.1850 x 304

**Street Address**

39 Broadway, Suite 2140

**City**

New York

**State**

NY

**Zip**

1006-3063

Secondary Contact

**First Name**

Rene

**Last Name**

Vargas

**Title**

Program Officer

**Email Address**

rvargasmartinez@inclusiv.org

**Phone**

212.809.1850 x 207

**Street Address**

39 Broadway, Suite 2140

**City**

New York

**State**

NY

**Zip**

10006-3063

### III. Proposal Information

**Proposal Title:**

Building the Capacity of Financial Cooperatives to Respond to Climate Change and Support the Economic Revitalization of Underserved Communities in Puerto Rico

**Support Request (check all that apply):**

Investment/Grant

**Requested Dollar Amount:**

\$5,750,000

**Please list other Significant Partners in the Proposal:**

Asociación de Ejecutivos de Cooperativas de Puerto Rico, Neighborhood Trust Financial Partners

## **Proposal Description:**

**Please limit to 2500 characters. Please be aware that your content may be truncated if you are pasting from another source.**

Inclusiv is leading efforts to strengthen the financial cooperative system in Puerto Rico to amplify its critical role in helping communities recover from natural disasters that have impacted and continue to impact the island. Since 2006, Puerto Rico has experienced an economic recession that was magnified by Hurricane María in 2017, with a prolonged impact on the population's financial wellbeing.

To this end, Inclusiv has been working to transform the cooperative sector into a vibrant CDFI platform through which financial inclusion and revitalization efforts can be more effectively delivered. Inclusiv's approach includes the adoption of the CDFI model, channeling resources, including secondary capital and credit enhancement mechanisms to expand the sector's capacity to engage in higher impact financing. Inclusiv also aims to integrate financial counseling into the cooperative system to financially empower low-income individuals to respond to a changing economy and improve their financial health.

This proposal outlines Inclusiv's Plan to strengthen the capacity of cooperatives to build more inclusive and equitable economies through a three-pronged initiative. First, we will provide training and technical support for up to 20 financial cooperatives to submit technical assistance applications to the CDFI Fund, which could result in a potential investment of \$2.5 million in the cooperative system and the communities it serves. Second, we will amplify the flow of investment into cooperatives by creating a Fund to channel secondary capital, developing a scalable underwriting and investment vehicle that considers the regulatory and capital-ratio evaluation particularities of cooperatives. Through this Fund, we initially expect to channel \$5 million in secondary capital investments to 10 cooperatives, which could be leveraged 10 to 1 to deploy an estimated \$50 million in affordable financing to underserved communities.

We also aim to establish an integrated financial counseling model by bringing the Pathways to Financial Empowerment program to the island and training 10 cooperativas serving roughly 90,000 people. Inclusiv established the Pathways to Financial Empowerment initiative in partnership with Neighborhood Trust Financial Partners in 2015 to expand the delivery of impact-driven counseling with CDCUs. Pathways has served nearly 8,000 low-income individuals and helped them improve their financial well-being and access appropriate credit union products.

## **Issues Addressed (check all that apply):**

Asset Building / Financial Access, Capability and Empowerment, Disaster Relief, Small Business Development / Microlending, Stabilization and Sustainability

If your project affects multiple states or counties, please use the CTRL key to multi-select.

## **Geographic Impact**

State-wide

## **U.S. States & Territories:**

Puerto Rico

## **Population Served:**

**Please limit to 500 characters. Please be aware that your content may be truncated if you are pasting from another source.**

40 member owned financial cooperatives and the communities they serve. Potentially 300,000 member owners.

## **Population Income by Area Median Income (AMI) and other identifiers (percentage of Free and Reduced Lunch for youth or designated "Disaster Area" or designated "Distressed or Underserved" served by proposal:**

For a household of 4, the AMI for Puerto Rico is \$19,343. Puerto Rico's financial cooperatives operate in primarily low income rural communities throughout the island. Furthermore, approximately 98% of Puerto Rico is considered a CDFI investment area. A CDFI Investment area is defined as a geographic unit (or contiguous geographic units), located within the United States, that meets at least one of the following criteria:

- Has a population poverty rate of at least 20 percent;
- Has an unemployment rate 1.5 times the national average;
- For a metropolitan area has a median family income (MFI) at or below 80 percent of the greater of either the metropolitan or national metropolitan MFI;
- For a non-metropolitan area that has an MFI at or below 80 percent of the greater of either the statewide or national non-metropolitan MFI;
- Is wholly located within an Empowerment Zone or Enterprise Community; or
- Has a county population loss greater than or equal to 10 percent between the two most recent census periods for Metro areas or five percent over last five years for Non-Metro areas a geographic area 80% is under the poverty level.

All of Puerto Rico's financial cooperatives are CDFI Eligible based on all three CDFI target markets: Investment area, low income targeted population and other targeted population (Hispanic).

## **Anticipated Outcomes/Impact:**

**Please limit to 2000 characters. Please be aware that your content may be truncated if you are pasting from another source.**

The outcome on consumers and their communities will be significant and lasting. By building the capacity of the cooperative finance industry, and introducing financial counseling and coaching as an integral part of their services, we will advance financial access and well-being for the 1.1 million members they serve.

We expect to achieve the following outcomes:

- Four remote trainings to at least 50 practitioners from 20 cooperatives on CDFI Certification and funding opportunities.
- Four remote trainings to at least 50 practitioners from 20 cooperatives on financial counseling, wellness, and the Pathways model.
- Coordinate 2 in-person training events: one focused on the CDFI model and a second on the Pathways to Financial Empowerment model, engaging leaders from cooperatives and key partners, local nonprofits, foundations, recovery and resilience experts, and partners.
- Create a fully Spanish language version of the Pathways to Financial Empowerment platform, facilitating its use by Spanish speaking counselors.
- Develop Spanish language training materials on financial counseling and the Pathways to Financial Empowerment model.
- Build the capacity of CDFI cooperatives to be able to obtain secondary capital to build net worth and increase assets and lending.
- Deploy \$5 million in secondary capital into the financial cooperative system which will be leveraged 10 to 1 to deploy an estimated \$50 million in affordable financing to underserved communities.
- By year-end 2020, Inclusiv will facilitate the submission of CDFI TA applications for 20 cooperatives serving 85,000 low-income people. Our aim is to provide technical support to cooperatives that have been unable to access external resources. This could potentially increase the amount received in TA grant funding by cooperatives since Inclusiv started its engagements in PR to \$5.5 million.
- By year-end 2021, Inclusiv will provide the training and onboarding for 10 cooperatives that serve roughly 90,000 consumers.



**Describe evaluation methods used to measure success:**

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Impact measurement is core to Inclusiv's approach to all its efforts to ensure that our activities are advancing our mission to expand financial inclusion and empowerment to low-income people. To ensure we are capturing the activity outputs, and near and long-term outcomes of our efforts, we will utilize a combination of registration tracking, financial performance reporting, and our Pathways platform to measure the following:

- Number of technical assistance grants submitted to the CDFI Fund by year-end 2020.
- Number of financial cooperatives and individual counselors offering financial counseling and coaching as part of the Pathways to Financial Empowerment Program by year-end 2021.
- Number of financial cooperative practitioners attending the in person training events for cooperatives.
- Creation of a Fund to channel secondary capital into the financial cooperative system.
- Amount of dollars deployed in secondary capital investments to financial cooperatives.
- Number of cooperatives that receive secondary capital investments.
- Number and dollars deployed by cooperatives in underserved communities.

**Project time frame - Is your request for an existing or new program?**

Existing Program

IV. Submit Supporting Documentation - Please attach your most recent audited or reviewed financials in PDF format to this proposal application. Your proposal application will be considered incomplete until the appropriate financial documentation is provided. By submitting a proposal application you agree to share with the Federal Reserve information regarding connections that were made with funders regarding the proposal or other work your organization conducts that was identified by a funder that used the Investment Connection platform. After you submit a proposal application, we will follow up with you to see if Investment Connection was helpful with your informational and business needs.

**Upload your most recent audited or reviewed financials**

**(for internal uses only)**

Inclusiv FS 123118.pdf

V. Other Supporting Documentation - You may submit a photo (jpeg) and/or a video (mp3 or mp4) that helps describe your proposal. (information available to funders)

**Upload a picture or video that helps describe your proposal or organization**  
(information available to funders)

**Upload additional picture or video**  
(information available to funders)

Inclusiv - Business Plan 2017-2019.pdf

**Add any additional links to supporting documentation**  
(information available to funders)

<https://www.inclusiv.org/initiatives/puerto-rico/>  
<https://ncbaclusa.coop/journal/2019/summer/lifeline/>  
<http://campaign.r20.constantcontact.com/render?ca=6fc09c7b-956b-4054-8d6f-31f8c79df240&preview=true&m=1102356662890&id=preview>

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