Co-operative Community Funds boost US charities

By David J. Thompson

WHAT if your money did two socially responsible jobs 24/7? Well it does when it is part of the Cooperative Community Fund programme in the US.

The principal is used to develop co-operatives nationally and the interest is donated to charities locally.

Twin Pines Cooperative Foundation has become the largest single co-op investor in co-operative development organisations in the USA. By the end of 2009, TPCF will have invested almost $2 million (approx. £1.3m) in the expansion, remodel or relocation of food co-ops in the USA. There are just 100 consumer co-operative organisations which operate over 140 retail locations and do over $1 billion in sales annually.

The food co-op sector in the USA has been growing at ten per cent per year. Recently, almost 50 per cent of the food co-ops were engaged in some form of physical growth. The faltering economy is of course impacting existing sales and the rate of growth has slowed. However, the growth will return.

Expanding

The first-step financial engine for expanding most of the food co-ops comes from three co-operative loan funds. These three funds lend equity-like capital to food co-ops to strengthen their balance sheets. With a stronger balance sheet the food co-ops are then able to obtain additional debt from either conventional or non-conventional lenders.

The three co-operative development organisations have over $17m in assets which they leverage externally at a rate of approximately 15 to 1. So $17m creates $255 million in additional financing. TPCF provides ten per cent of that $17m in capital. So TPCF is part of the yeast that makes the bread rise. Some money makes bread but TPCF’s money makes yeast. TPCF/CCF is also the largest US co-op investor in Organic Valley, the nation’s leading co-operative organic dairy and Equal Exchange, the nation’s leading co-operative in fair traded food products.

By the end of 2009, about 30 food co-ops will be partnering in the Co-operative Community Fund programme. Each co-op has its own Cooperative Community Fund as an endowment within the Twin Pines Cooperative Foundation. TPCF uses all of its assets to invest in co-operative development organisations, individual co-operatives and financial institutions which support or loan to co-operatives.

At the local level, the individual co-ops donate the interest earned on their endowment to local charities. One of the slogans of the campaign is “Give Where You Live.” The local co-op encourages members to make donations to their CCF which under US law are tax deductible. CCF donation programmes are conducted at the check stand, online or by mail. Any member of any co-op visiting the CCF website can give online directly through PayPal.

The three co-operative loan funds in the USA are Cooperative Fund of New England (CFNE), Northcountry Cooperative Development Fund (NCDF) and LEAF Fund (ICA Group).

The Cooperative Community Fund initiative carries out three key co-operative principles: member economic participation, co-operation among co-operatives and concern for community.

The co-operative principle of “member economic participation” expects members of co-operatives to supply their co-operative with equity and other forms of member capital. The more equity members provide the less the co-op has to borrow from banks. Strong equity keeps the co-op in control of its own destiny and able to invest in other co-ops.

The aim is to have every dollar in our co-operatives stay as long as possible working within and for the solidarity of the co-operative sector. Calgary Co-op, the largest food co-op in Canada, does $1 billion CDN a year and has 425,000 members. It raises all of its capital from (and pays all of its interest to) the co-operative community.

To maintain the circle of reciprocity every co-op must do something that helps another co-op. This allows each co-op to know that their investment or contribution will be valued and repaid. Reciprocity anticipates continuing long-term relationships rather than singular conclusive transactions. When you do something to support another co-op they may not be able to return the favour but as long as you do something for another co-op you have upheld your duty of reciprocity.

Keeping it local acts on a commitment to use the co-op’s dollars to help other local businesses, donate to local charities and strengthen the local economy.

Uniting the food co-ops together through the Cooperative Community Fund scheme has allowed TPCF to create a new local giving plan and a new national supply of development capital for co-operatives. The TPCF/CCF funds do twice the co-operative work with one pile of co-operative money.

Visit www.community.coop/ccf for more information.