



# Community Investment Guarantee Pool Learning Brief

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*Prepared by Reisman & Sherman,  
CIGP Learning and Evaluation Team*



What would it take to increase the flow of capital to underserved communities?

How might we reconsider the ~~RISK~~?  
(real -or- perceived)

## THE CIGP STORY

16 philanthropic funders

UNFUNDED GUARANTEE POOL

15 community finance institutions



We can share the risk!



We can test new ideas about risk!



The [Community Investment Guarantee Pool \(CIGP\)](#) journey started with a question:

How can philanthropy pool its resources and effectively share the risks in helping move more money to under-resourced businesses and communities?

Sixteen philanthropic organizations committed over \$66 million to find out. CIGP, an *unfunded guarantee pool*, provided the vehicle. Launched in 2019 with a subset of the sixteen philanthropies (aka the guarantors), the pool allowed them to share in the risks of their intermediary financial partners – the community finance institutions testing new financial products and practices intended to increase capital flow to underserved businesses and communities.

The intermediaries' new products and services intentionally pushed their own risk boundaries to challenge them to reimagine their credit boxes. CIGP helped mitigate, not eliminate, the financial risks of these innovative new products and practices. Moreover, as an *unfunded guarantee pool*, the guarantors only paid for losses in the event that a guarantee was called, and initial losses were covered by the intermediary financial partner.

Thus, the \$66 million committed stayed on the philanthropies' balance sheets until a call triggered payout, one prorated by the amount of each philanthropy's commitment.

**Locus** serves as CIGP's program manager responsible for originating, issuing, and managing guarantees. It sits between the guarantors and the guarantee recipients.

Each of these partners – guarantors, intermediaries, and Locus – benefitted in their own ways. The guarantors witnessed the advantages of sharing risk; the intermediaries created new products, funds and associated practices that changed their approach to risk; and, Locus built its own set of skills and tools to support such pools in the future.

## Outcomes by the Numbers

Fifteen community finance institutions received CIGP guarantees over the first five years. This early experience with the guarantee program yielded important lessons, including clear successes:



**\$38.2 million  
of guarantee capital**

Moving **\$38.2 million** of guarantee capital to 17 innovative funds or products (with much of the pool's remaining guarantee capacity expected to be deployed in 2025.) \*

*\*Remaining guarantee capacity fully deployed as of 3/31/26.*



**7-to-1 leverage ratio  
of capital unlocked**

Unlocking over \$120 million for community finance to date with \$287 million of total capital projected to be ultimately unlocked for those guarantee recipients and their borrowers; more than a **7-to-1 leverage ratio** of capital unlocked to guarantee amounts committed.



**\$1.5 million  
(4% of total  
capital deployed)**

Paying out only **\$1.5 million (4% of total capital deployed)** to date in guarantee calls.

In doing so, CIGP offered a financial buffer to 15 community finance institutions that identified new products and practices (in 3 cases multiple products) to unlock more capital for underserved businesses and communities. The significant leverage opportunity created by these guarantees is remarkable.

In other words, sixteen CIGP guarantors have leveraged their \$1.5 million in funds paid out to move \$120 million as of June 2025 into underserved businesses and communities; an 80:1 ratio (which rises to 190:1 when the projected \$287 million is realized).

## Outcomes Beyond the Numbers

The CIGP actors – **guarantors**, **intermediaries**, and **Locus** – accomplished much more than just the hard number outcomes.

### *Guarantors*

- **Shared risk.** Partnering with other mission-oriented investors to distribute risk provides an opportunity to seek higher impact through products and practices that have previously been perceived to be too financially risky or unacceptable to financial rating agencies.
- **Efficient use of capital.** CIGP demonstrated that issuing guarantees can be an efficient use of philanthropic capital and philanthropic balance sheets. Several new efforts using guarantees and guarantee pools have emerged in different regions of the country.
- **Essential infrastructure.** Pooling guarantee commitments, establishing a guarantor advisory committee (GAC) and engaging a program manager led to development of essential infrastructure to support guarantees and key lessons for future iterations.

### *Intermediaries*

- **New products.** A guarantee provides critically-needed credit enhancement to innovate and test new loan products intended to provide capital to under resourced businesses and communities.
- **New practices and policies.** Innovations have led to significant learnings in community finance, many of which have been adopted as practices and policy changes by the intermediaries who received a guarantee from CIGP.
- **Perception of collateral.** Using collateral as a criterion for credit worthiness, while standard in conventional finance, proved to be less important than other factors, such as a borrower's history of repaying debt and willingness to execute contingency plans.

### *Guarantee program manager (Locus)*

- **Operations.** Locus innovated and adopted practices, processes and systems essential for efficient management of guarantees and guarantee pools that can be beneficial at the field level. While some philanthropic investors have the infrastructure to make and manage loans, very few have it in connection with guarantees. In response, Locus developed guarantee-specific tools and skills, e.g., questions to ask in due diligence, key structuring considerations for guarantees, data needed for monitoring, and ways to manage pay out from an unfunded pool when calls were made.
- **New pools.** Interest in guarantee programs to support community finance is growing and the knowledge that Locus gained managing CIGP is essential to their support of these emerging efforts.

# WHAT SHIFTED?



\$ 66M  
committed to the  
guarantee pool

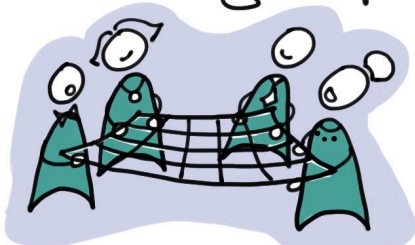
\$ 38.2M  
guarantees  
deployed



\$ 287M  
mobilized for  
communities

## GUARANTORS

got comfortable sharing risk  
; collaborating in a pool



## INTERMEDIARIES

tested risk boundaries in  
new funds ; loan products  
; adopted new practices ; policies



CGIP built infrastructure for guarantees in philanthropy  
and inspired the formation of new pools



\*as of  
March 2025



## Considerations for Future Guarantee Pools: Attend to the Challenges

The positive outcomes speak to CIGP's accomplishments and effect on the community finance ecosystem. They respond directly to the initial question posed at the beginning of the CIGP journey: *How can philanthropy pool its resources and effectively share the risks in helping move more money to under-resourced businesses and communities?*

Yet, like many journeys into new landscapes, bumps in the road, and unanticipated challenges affected the pace of deployment.

Keeping in mind that CIGP seeks to **increase use of guarantees in philanthropy**, its challenges and the learnings from these challenges may benefit philanthropies and program managers that want to develop their own guarantee pools. In that spirit, the following challenges and considerations intend to help others navigate this landscape.

**Challenge – Guarantors' processes for managing guarantees.** Guarantors to varying degrees faced two internal challenges – accounting for guarantees and processing guarantee calls. The unfunded nature of the guarantee presented a unique accounting challenge in terms of how to account for it. And when guarantee calls required them to pay, some guarantors needed to remind their investment committee and leadership about the risk-boundary testing purpose of the CIGP. The calls created opportunities to socialize guarantors' leadership about use of guarantees to increase capital to under-resourced businesses and communities that fall outside conventional finance lenders' credit boxes.



**Considerations:** Philanthropic guarantors need to develop internal processes for accounting for guarantees and socialize investment teams/committees and leadership about the unique contribution of guarantees in community finance. Additionally, a reserve account for the program manager might facilitate timely payments of calls and avoid the internal processing time for many guarantors.

**2 Challenge – CIGP Design.** CIGP intentionally included multiple dimensions to ensure a broad set of learnings about use cases for guarantees. This complexity centered on multiple sectors and the bespoke nature of each guarantee to lean into innovations in testing risk. Navigating three different sectors (small business, affordable housing, and climate) required the program manager to do a deep dive into sectors with their own unique attributes. Moreover, the climate sector was particularly affected by an extraordinary amount of political and financial external factors. The bespoke nature of each guarantee transaction required both the program manager and intermediaries to make a sizable time investment in developing new products (intermediaries) and sourcing, conducting due diligence, and structuring the deals (program manager).



**Considerations:**

- Limiting the number of sectors would create a more efficient and manageable operation of a guarantee pool, although it may require a trade-off between the intent of the guarantors and program management efficiency.
- Standardizing use cases and product terms would facilitate ease of operations for both intermediaries and the program manager. While the innovative nature of CIGP significantly contributed to learning in this initial guarantee pool, focusing on particular products that are strong use cases would accelerate deployment of capital, and reduce time and resource costs on both the intermediaries and the program manager. It may also create a stronger pipeline among intermediaries that do not have the staff resources to create new and untested products.

**3 Challenge – Governance structure and decision-making.** Governance of CIGP was complicated. CIGP's emphasis on intentional learning meant that all guarantor pool members served equally on the GAC and were fully involved in major decisions. An independent credit committee, established to green-light new guarantees, modify existing ones and approve claims put forward by the program manager, added another level of governance. While an executive committee of the GAC partially addressed the inefficiencies of a 16-member governance committee, ambiguity remained about who and how decisions were made.



**Considerations:** Clarity in the governance structure and the roles and responsibilities can create smoother operations in areas such as deployment of guarantees and efficient use of the program manager's time. Importantly, comparing a guarantee pool to other types of fund management, it would be useful to be explicit whether there is a general partner/limited partner relationship or whether the guarantors in the pool are more like a board of directors responsible for policy while the program manager is responsible for operations.

**4 Challenge – Uncontrollable Factors.** The polycrises of the pandemic, racial reckoning and economic uncertainty in CIGP's first five years introduced significant chaos. Sharp differences in federal policies with a change in federal government administration majorly affected the pipeline of prospective intermediaries and those who received guarantees. For instance, potential climate deals stalled with the freezing of federal climate funds and shifts in renewable energy programs. Another example is the caution expressed by a few intermediaries in determining whether they would sustain innovative products that were supported by the guarantee due to the shifting political and economic context.



#### Considerations:

- Pools should be flexible enough to adapt to unforeseen, uncontrollable events. Locus was responsive in its management of the guarantees when needed by the community finance institutions. This flexibility may continue to be necessary when there are major political and economic shifts in the external environment. Community finance, intended to be more responsive to community needs than conventional lenders like banks which have standardized processes for determining risk, requires such flexibility.
- Learn together. Collective learning among and between the guarantors and intermediaries will surface the issues that need to be addressed in order to ensure the effectiveness of the guarantee. This feature of CIGP was viewed as rare and appreciated by all.



An aerial photograph of a city skyline, likely New York City, featuring a large multi-lane highway bridge crossing a wide river. The image is overlaid with a semi-transparent blue filter. The text is centered in the middle of the image.

Contact us to learn more

[guarantees@locusimpact.org](mailto:guarantees@locusimpact.org)