

WOMEN-RUN BUSINESSES AND NONPROFITS INCREASINGLY BOOSTED BY "COMMUNITY INVESTING" CAPITAL

Non-Traditional Financial Sources Offer Help To Otherwise Overlooked Individuals, Organizations; 11 Leading Institutions Recognized for Work Getting Capital to Women in the U.S. and Overseas.

WASHINGTON, D.C.///August 6, 2003///A major new response to the serious capital gap faced by many women running businesses and nonprofits in the United States and abroad is emerging in the form of "community investing." Today, the Community Investing Campaign, a project of the Social Investment Forum Foundation and Co-op America, singled out 11 organizations that **"best exemplify the building of economic opportunity and hope for individuals through community investing."**

Community investing is non-traditional financing from banks, credit unions, venture capital firms, foundations and other organizations that is directed to support businesses and nonprofits that are often overlooked by "traditional" financial institutions. The assistance that community investing lends to women is particularly important in difficult economic times like the present.

While many women are able to start their own businesses and nonprofits, their access to credit and capital still lags far behind that of men. Recently released figures from the Center for Women's Business Research found that nearly half of all privately held U.S. businesses are owned by women. Yet that does not mean women have equal access to credit: In 2000, only 12 percent of all credit provided to small businesses went to women, according to the National Women's Business Council and the Milken Institute.

Community investing is now increasingly filling the capital gap faced by women. Among the 11 organizations honored today are the Women's Self-Employment Project in Chicago, IL, which raises the economic self-sufficiency of low- and moderate-income women through a strategy of self-employment and asset development, and the Foundation for International Community Assistance (FINCA) in Washington, D.C., which provides financial services to the world's poorest families so they can create their own jobs, raise household incomes, and improve their standard of living.

Community Investing Campaign Chair and ShoreBank Senior Vice President of Mission-Based Products Jean Pogge said: **"Community investing is all about making changes in ways and places that are passed up by traditional financial institutions. Lending to women – whether for a new business or a nonprofit undertaking – is a real means by which community investors can make a difference. Not only would many of these projects struggle or not survive without access to community investing capital, but the conditions of people they serve would worsen."**

"Community investors understand that traditional financial institutions do not adequately address the needs of women, people of color, and other underserved populations," said Donna Katzin, Executive Director of Shared Interest. **"What these investors know that the financial institutions do not is that the loan loss ratios for community investing projects are no worse than those of traditional bank loans. In fact, since community investing organizations work so closely with those who do get assistance, it is often true that the default rate is lower than it would be for more traditional, arm's-length financing."**

A 2001 study from the Social Investment Forum shows that community investing is now the fastest-growing category of socially responsible investing in the United States: Individual and institutional assets flowing into community investing organizations grew by a substantial 41 percent between 1999 and 2001, increasing from \$5.4 billion to \$7.6 billion. According to the Social Investment Forum, the overall growth rate for community investing now exceeds that of socially responsible mutual funds, all types of screened portfolios (including separate accounts for institutions and wealthy individuals) and socially concerned shareholder advocacy.

EXAMPLES OF SUCCESSFUL LENDING TO WOMEN ACROSS THE GLOBE

The 11 organizations recognized today by the Community Investing Campaign are: Cascadia Revolving Fund (Seattle, WA); Foundation for International Community Assistance (FINCA) (Washington, D.C.); McAuley Institute (Silver Spring, MD); Newcorp Business Assistance Center (New Orleans, LA); New Hampshire Community Loan Fund (Concord, N.H.); Nicaraguan Credit Alternatives Fund (NICA Fund) (Madison, WI); Santa Cruz Community Credit Union (Santa Cruz, CA); Shared Interest, Inc. (New York, N.Y.); ShoreBank (Chicago, IL); Wainwright Bank & Trust Company (Boston, MA); and Women's Self-Employment Project (Chicago, IL).

Examples of the work of the groups being honored today include the following:

- Panama-native Dr. Elena Perry-Thornton opened a medical clinic in Southwestern Detroit to bring quality healthcare services to the Latino population living there. Six months after opening, however, she nearly lost it all – due to their lack of funds, patients were slower to come in for treatment and slower to pay their bills than she anticipated. To save her practice and help a community in dire need of quality healthcare, Dr. Perry-Thornton came to ShoreBank, which provided her with a loan and technical assistance. Since then, she has tripled her patient load and is bringing in enough income that she can host free educational classes on wellness, diabetes and asthma; make time for house calls; and speak at local schools on topics such as smoking, drugs, and sexuality. Dr. Perry-Thornton said: **“ShoreBank not only took a chance on me when traditional banks would not do so, but they also worked with me to make sure that these loans could be paid off. The end result works for everyone: my practice is flourishing – many people who wouldn’t have had medical care now get it – and ShoreBank has a successful lendee on its hands.”** Headquartered in Chicago, ShoreBank has banks and affiliated nonprofits in Chicago; Cleveland; Detroit; Ilwaco, Washington; and Portland, Oregon.
- Ponds Mdaka, a South African woman hoping to build 150 low-cost homes in the Free State, needed a start-up loan to cover initial construction costs until the government subsidies for the project came in. Determined to avoid the delays and rejections experienced by many other local contractors of color at the country's larger banks, her company, Hardcore Projects, turned instead to King Finance, a subsidiary of the African Bank. With a partial guarantee from Shared Interest and the Them bani International Guarantee Fund and several other guarantors, King Finance issued Ponds the loan she needed to build new homes for the community residents living in shacks. Ponds hired 15 subcontractors, each of whom employed a team of local workers to build the houses, which were completed by December of 2001.

- Alice Fisher and Anita Baglaneas combined their culinary and business skills and formed Jules Catering in 1991. Initially financed out of their own savings, the business eventually grew to where they needed institutional support to expand. Wainwright Bank & Trust Company of Boston provided financing for the company to grow. **"We went to other banks, but they didn't know how to work with us as a small business - they were too bureaucratic,"** said co-owner Alice Fisher. **"Wainwright isn't like a regular bank, and the Wainwright people are not like most bankers. The Bank has a certain set of values that it lives out – that's a rare thing,"** said Fisher. Wainwright has since provided multiple loans to them over the years, with the result being that Jules Catering is now the largest catering company in the Boston area.
- Mercedes Busche owns Mama Jo's Traffic Control, a company that provides flagging, pilot car and traffic control services for road construction projects. Busche turned for help to Cascadia Revolving Fund of Seattle, WA. As a result, she employs 64 people in well-paid, seasonal positions. Busche is committed to providing a safe and fair workplace for her employees. Cascadia's line of credit serves as working capital for the business.

Success stories like these are very important to institutional investors looking at community investing as an important new alternative. Trillium Asset Management Vice President and Senior Portfolio Manager Cheryl Smith said: **"Our clients are very interested in the concept of community investing. Those who participate – and we have about 70 clients doing community investing – find it very satisfying, as well as a solid return on their investment."**

HOW TO BECOME A COMMUNITY INVESTOR

Any individual or institution can become a community investor. One of the most popular ways to invest in communities is by opening an account at a community development bank or credit union. Options from checking and savings accounts, to CDs and IRAs, to mortgages and other loans, can be provided through these banks or credit unions, which will use your deposit to strengthen the local community. If there is not a community development bank or credit union close to you, many investors open up accounts in these institutions in other locales and use ATMs, mail, and online banking to control and access their accounts. Another approach is to invest in community development loan funds, pooled funds, and venture capital. These investments can support local or international projects that are serving low-income communities. For individuals and institutions wanting to invest in mutual funds, some mutual funds have a community investing component as well.

For a comprehensive list of community investing alternatives, go to <http://www.communityinvest.org> on the Web.

ABOUT THE COMMUNITY INVESTING CAMPAIGN

The Community Investing Campaign is a joint partnership of the Social Investment Forum Foundation and Co-op America. The Social Investment Forum Foundation is a national nonprofit organization providing research and educational

programs on socially responsible investing. Co-op America is a national nonprofit organization founded in 1982 that provides the economic strategies, organizing power and practical tools for businesses and individuals to address today's social and environmental problems. The campaign's Web site is www.communityinvest.org.

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FOR MORE INFORMATION: To hear a Web-based recording of the national news event, go to <http://www.communityinvest.org> after 6 p.m. EDT on August 6, 2003.