

TINY LOANS MADE POSSIBLE BY U.S. INVESTORS ARE MAKING BIG DIFFERENCES IN AREAS SUFFERING FROM POVERTY, DISASTER

In and Beyond Tsunami Crisis, U.S. Investors Create Small Business and Jobs for Long-Term Betterment of Lives and Communities Around the Globe; 12 Microlenders Honored for Work.

WASHINGTON, D.C.///February 1, 2005///*A wheelchair-bound woman in Bogota, Columbia, used a loan of \$165US to buy a leather-sewing machine in order start a sewing business and lift herself up out of a life of poverty and dependence on others. A woman caring for her AIDS-stricken sister and family in Ghana received a microloan and professional training to open her own small business selling ice. Five loans later, she runs three businesses that employ nine people in her village. In tsunami-stricken sections of Asia tens and thousands of men and women are turning to micro loans in order to create new jobs and businesses, thereby preventing the break up of families that otherwise would happen if one parent was forced to go abroad in search of employment.*

These are just a few examples of how “microloans” -- often amounting to no more than a \$100 -- are creating jobs, boosting incomes, and bettering individual lives and communities in many other ways thanks to the growing interest of U.S. individual and institutional investors in what is known as “community investing,” which is the fastest-rising sector of socially responsible investing (SRI). In recognition of this important new investing trend and the United Nations designating 2005 as the International Year of Microcredit, the Community Investing Program of the Social Investment Forum Foundation and Co-op America today recognized the efforts of 12 leading financial institutions that specialize in microlending opportunities for investors.

Microloans are used to spark small business creation and the revitalization of individual lives and even entire communities. The small loans give craftspeople, small farmers, and others leg-up in areas where joblessness and poverty prevails, and where the average person is ineligible for any type of traditional financial assistance. While many micro-entrepreneurs are skilled artisans or long-time farmers, few have the financial means to start a business owing to the absence of what is usually a small amount of capital. Often, the amount of capital that is required for the small entrepreneurs who benefit from microlending to create each a new job is tiny by U.S. standards. For example, in South Africa, a project overseen by the nonprofit Shared Interest is creating jobs by starting people with loans of just \$16 each.

The 12 organizations recognized today by the Community Investing Program for micro-lending activities are: ACCION International (Boston, MA); The Deutsche Bank Micro-credit Development Fund (New York, NY); E+Co (Bloomfield, NJ); Fonkoze USA (New York, NY); Foundation for International Community Assistance (Washington, D.C.); The Nicaraguan Credit Alternatives Fund (Madison, WI); Oikocredit, USA (Washington, D.C.); Opportunity International, USA (Oak Brook, IL); Sarona Global Investment Fund (Ontario, CA); Shared Interest, Inc. (New York, NY); SosteNica (Westchester, PA); Women’s World Banking (New York, NY). For a discussion of each of the 12 groups, see the fact sheet located at <http://www.communityinvest.org> on the Web.

Jean Pogge, Community Investing Program chair and senior vice president of Mission-Based Deposits for ShoreBank, said: **“Microlending now plays a key role in the growth and success of**

new businesses in underdeveloped rural towns and cities in Africa, Asia, Latin America and South America. In a nutshell, microfinance is a powerful tool – not just for basic small business loans, but also for organizational assistance, partnerships and coops, along with needed marketing materials. This is one of the most important ways that individual and institutional investors who participate in community investing can make a huge difference.”

Chris Crane, president of Opportunity International, said: “Most people in Asia live in poverty. In coastal areas the recent tsunami has had a devastating impact on what already were poor communities to begin with. In India, Indonesia, and the Philippines, for example, thousands of women are making the agonizing decision about whether or not to leave their families and work overseas. For those who remain, affordable credit is virtually nonexistent. Loan sharks charge 500-1000 percent annually. Whether in metro Manila or coastal Indonesia, Opportunity International makes microfinance a cornerstone in our fight against poverty. We can do this because microloans get repaid. In microfinance, the repayment rate is 98 percent.”

“Community investing” refers to financing and other assistance provided by community development banks, credit unions, loan funds, venture capital firms, and other organizations. The help supports individuals, nonprofits and small businesses that often are overlooked by "traditional" financial institutions.

A 2003 study from the Social Investment Forum shows that community investing is the fastest-growing category of socially responsible investing in the United States: Total assets held by community development financial institutions (CDFIs) nearly doubled from \$7.6 billion to \$14 billion between 2001 and 2003.

HOW TO BECOME A COMMUNITY INVESTOR

Any individual or institution can become a community investor. The Social Investment Forum Foundation and Co-op America encourage all investors to direct at least 1 percent of their assets to community investing. One of the most popular ways to invest in communities is by opening an account at a community development bank or credit union. Most investors open money market accounts or certificates of deposits. Checking and savings accounts, CDs and IRAs also may be provided through community development banks or credit unions, which will use the deposit to strengthen the local community. If there is not a community development bank or credit union in their local community, many investors open up accounts in community development financial institutions in other locales

Another approach is to invest in community development loan funds, pooled funds, and venture capital funds. 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 PROGRAM

The Community Investing Program 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 program's Web site is <http://www.communityinvest.org>.

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FOR MORE INFORMATION: To hear a Web-based replay of the national news event held today, go to <http://www.communityinvest.org> after 6 p.m. EST on February 1, 2005. A detailed fact sheet containing information on each of the 12 honorees also is available at the same Web site.