

Launch of the responsAbility Global Microfinance Fund – creating hope for microentrepreneurs and opportunities for investors

Zurich, April 4, 2005 – **A social investment fund is being launched in the Swiss financial center for the first time in the form of the responsAbility Global Microfinance Fund. The fund's investment advisor, responsAbility, is backed by four well-known Swiss banks. Its objective is to increase the independence of microentrepreneurs in developing and transition countries. The benefits for investors are twofold: the fund enables them to invest in economic development and the alleviation of poverty while, at the same time, obtaining a financial return.**

Is it possible to earn money by investing in a socially responsible manner? It may at first sound surprising that poor people in developing countries can offer a return for investors. With microfinance, however, this is feasible and makes sense.

In developing countries – similar to in Switzerland – micro and small entrepreneurs form the backbone of society and the economy, while loans and savings also play a central role in the establishment and expansion of businesses. Less than 10% of the approximately 500 million microentrepreneurs in the Southern hemisphere have access to financial services. They are imaginative and economically active but do not possess the standard collateral accepted by banks. Enormous economic and development potential remains untapped and can only be exploited on a sustainable basis using private funds.

This is where microfinance comes into play. Through local organizations similar to banks – microfinance institutions (MFI) – micro and small entrepreneurs can obtain the capital they need to establish or expand their businesses. Hundreds of MFIs in South America, Asia, Eastern Europe and Africa, which have millions of clients, are displaying high growth rates. However, they require reliable and adequate sources of refinancing in order to satisfy the increasing demand for financial services.

responsAbility Social Investment Services AG enables investors to make such investments in microfinance. The company was founded by the Raiffeisen Group, the Basel-based private bank Baumann & Cie, Credit Suisse Group and the Alternative Bank ABS, as well as Andromeda, the Netherlands-based social venture capital fund, in order to bridge the gap between the financial

markets and developing countries. The responsAbility Global Microfinance Fund is now being launched in Switzerland in this, the UN Year of Microcredit 2005.

The responsAbility Global Microfinance Fund, which was launched in Luxembourg in November 2003, makes highly diversified investments in microfinance throughout the world. In over 30 countries, the fund is already providing financing for solid and innovative microfinance institutions with growing client bases. When selecting suitable MFIs in its role as investment advisor, responsAbility draws on the expert knowledge of carefully selected and experienced organizations and specialists who are frequently or permanently present at the MFIs. The fund thus provides investors with easy and unparalleled access to this expertise.

The State Secretariat for Economic Affairs (seco) contributed to the launch of the fund with an initial financial investment of almost USD 3 million as part of its economic development cooperation program. Moreover, responsAbility maintains a dialog with the Swiss Agency for Development and Cooperation (SDC) about development issues and technical matters.

The fund's investment concept is aimed at creating optimal added value from both a financial and development perspective. If a client purchases fund units in the amount of CHF 1,000 from his bank in Switzerland, he will receive a financial return, while two microentrepreneurs such as a vegetable seller in the Philippines and a brick maker in El Salvador can – at the same time – for example, be offered permanent support. The increased income they earn will benefit approximately 10 further members of their families. Klaus Tischhauser of responsAbility is convinced that: "With each investment in the fund, investors will be enabling additional microentrepreneurs to increase their independence and thus take responsibility for their future and that of their families."

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