

Title: MicroVest Congratulates Muhammad Yunus for Nobel Peace Prize Award

Description: MicroVest congratulates Professor Muhammad Yunus and Grameen Bank on being awarded the Nobel Peace Prize

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This year's awarding of the Nobel Peace Prize to microfinance entrepreneur Muhammad Yunus and the Grameen Bank focused a well-deserved spotlight on the success that microfinance institutions (MFIs) are having around the globe in lifting the poor out of poverty and, subsequently, promote peace. MicroVest, an investment firm providing debt and equity capital to MFIs in emerging markets, is hopeful that this new-found attention will help MFIs overcome one of their biggest challenges: a growing funding gap.

Public funds and government contracts on which MFIs traditionally depend are insufficient to meet the increasing demand from poor borrowers. The World Bank estimates that of the \$150-250 billion worth of microloans desired by the world's poor the industry disburses \$10-15 billion. The microfinance industry can only achieve its maximum scale and impact if the private sector steps in to fill this gap. A recent article in the *New Yorker* by Connie Bruck recounts the evolution of microfinance into a "fully commercial, profit making sector." Ms. Bruck concludes commercialization is, "the only way microfinance could serve large numbers of people, because commercial enterprises could tap the capital markets for the funds they need to grow."

MicroVest is demonstrating that private investors not only help to fill this gap, but also earn a strong social and financial return. Gil Crawford, General Manager of MicroVest, is grateful for Mr. Yunus' groundbreaking work in the microfinance industry and proud to assist him in achieving his vision to reduce poverty. "Not only did Professor Yunus prove that the poor can and will repay their loans," Crawford notes, "but he set the stage for others to show that if done properly, microfinance can become a commercial venture". The Nobel Committee deserves praise for their progressive nod to the industry.

*New York Times* writer Anand Giridharadas points out that even though most MFIs are non-profit organizations, the Grameen Bank stands out because it is not. He writes, 2006 marks, "the first time the prize has been awarded to a profit-making business". The five member Nobel Committee awarded this prize to Yunus and Grameen "for their efforts to create economic and social development from below" under a new, broader definition of peace that focuses on development work rather than traditional conflict resolution. Mr. Giridharadas highlights a connection that seems to be, "gaining ground among development experts: that attacking poverty is essential to peace, and that private enterprise is essential to attacking poverty. Gerhard Pries, Vice Chair of MicroVest's Board of Directors, adds, "we need to establish private sector investment as the preferred route to development."

MicroVest continues to work to help commercial microfinance institutions, much like the Grameen Bank, reach the maximum number of borrowers. On behalf of MicroVest's investors and other Board members, Chairman W. Bowman Cutter thanks Professor Muhammad Yunus and the Grameen Bank, for their pioneering work to advance the microfinance movement.

#### About MicroVest:

MicroVest Capital Management, LLC (Bethesda) is a \$23 million investment firm providing debt and equity capital and management oversight to microfinance institutions (MFIs) in emerging markets. It is the first private equity microfinance investment firm in the United States. MicroVest's goal is to expand the capacity of existing profitable MFIs throughout the world while building capital markets that work for the poor. MicroVest was founded by CARE, MEDA and the Seed Capital Development Fund (SCDF)—three non-profit organizations with longstanding credibility in the microfinance industry.

#### Keywords:

MicroVest Capital Management, Microfinance, Socially Responsible Investing, Social Impact Investing, Community Development Investing, Microfinance Institutions, Bethesda, Washington DC, Emerging Markets, Development, Non-Profit, MFI, CARE, MEDA, SDCF, Seed Capital Development Fund, Nobel Peace Prize, Muhammad Yunus, Grameen Bank, Microcredit, Microbanking, Bangladesh, India, Gil Crawford, Vanderbilt University

#### Industry:

Business, Finance