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## A Path to Helping the Poor, and His Investors



Gordon M. Grant for The New York Times

Alexandre de Lesseps near his home in Sagaponack, N.Y., on Long Island. He is a co-owner of BlueOrchard Finance in Switzerland.

By HARRY HURT III






**T**HE typical New York billionaire is always asking me the same question," Alexandre de Lesseps says. "Why do you want to lend money to poor people?"

Mr. de Lesseps, 54, an international businessman whose great-great-grandfather developed the idea for the Suez Canal, has a ready answer. "The only way to solve the problems of poverty and terrorism in the world today," he said, "is through investment."

He is no ordinary investor. As a co-owner of BlueOrchard Finance in Geneva, he is one of the leading figures in the world of microfinance, an idea that is taking on renewed popularity in the wake of Sept. 11, 2001, and the wars in Afghanistan and Iraq.

Microfinanciers and allied institutions typically make loans in amounts of \$1,000 or less to poor people in poor countries who are ignored by commercial banks. The concept can be traced to Prof. Muhammad Yunus, who founded the Grameen Bank in Bangladesh in 1976 and became known as

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a "banker to the poor."

Investors in microfinancing ventures make profits in the form of interest payments on the order of two to five percentage points above the London Interbank Offered Rate, the international benchmark known as Libor. As a rule, microcredit loans are not backed by collateral, leaving no means of financial recovery for the lender if they are not repaid. But Grameen and other leading microcredit institutions claim loan loss rates of less than 5 percent, compared with 5 to 10 percent in the subprime consumer finance industry, for borrowers with income problems or flawed credit histories.

Just less than \$500 million is committed to microcredit loans worldwide, according to BlueOrchard's estimates. But Mr. de Lesseps said he believed that the total market for such loans may be near \$3 billion.

He acknowledges that the aims of his microfinancing ventures are not purely philanthropic, at least not in the traditional sense. "The reason we lend money to poor people is not only so that they can make money," he said, "but also so that our investors can make money."

Until recently, microfinancing initiatives, because of their profit-making orientation, have failed to win support from international organizations like the World Bank and the United Nations. But last month, Secretary General Kofi Annan of the United Nations announced a new commission aimed at overcoming the institutional, legal and cultural barriers to private-sector participation in fighting world poverty. The co-chairmen of the commission are Ernesto Zedillo, the former president of Mexico who now directs Yale University's Center on Globalization, and Paul Martin, a Canadian Parliament member and former finance minister.

"Whatever else we do to help the poor, local entrepreneurs have the power to create the greatest change for their countries," Mr. Martin said at the United Nations when the new commission was announced on July 25. "The entrepreneurial spirit does not have to be imported. Visit the smallest town in the poorest country on market day and you will see the private sector at work."

Microfinancing is just one of several international business interests in Mr. de Lesseps's private-sector portfolio. He is completing a five-star hotel in Havana that will be operated by the South African hotel magnate Sol Kerzner. Mr. de Lesseps also has investments in Myanmar, including an upscale housing development with a golf course designed by Gary Player and a 258-bed hospital in Rangoon. But he says he is proudest of a recently completed orphanage and maternity ward in the Shan state of Myanmar, both not-for-profit projects.

Mr. de Lesseps traces his entrepreneurial bent and interest in social causes to his great-great-grandfather, Ferdinand de Lesseps, the French diplomat who supervised the construction of the Suez Canal in 1879 and then made an unsuccessful attempt to build the Panama Canal. As head of the Franco-American Union, Ferdinand de Lesseps presented the Statue of Liberty to the United States.

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