

Legal Times Highlights Gary Ford's Work with MicroCredit

Gary Ford

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HOW A FEW DOLLARS CAN CHANGE A LIFE

Nurhayati, her husband, and their three children all live in a one-room bamboo shelter in Indonesia. They have no running water and cook their food on a small stove outside the dwelling. A nearby river serves as their water source, washing area, and latrine. Until recently, the family made just 43 cents per person per day.

Fifteen percent of the world lives on a dollar or less a day. The absolute poverty level, as defined by the World Bank, is two dollars a day. Below this point, families are constantly hungry. MicroCredit Enterprises, a nonprofit organization, lifts families such as these — the very poorest in the world — from deprivation and hunger by granting microloans to women like Nurhayati.

These loans are very small, often less than \$100. They are used mainly by poor women, who are denied access to credit from other sources, to establish and maintain small businesses. With microloans, entire families can be raised out of poverty. This field, known as microfinance, has exploded onto the philanthropic scene. Meanwhile, a growing number of attorneys are playing key roles in the success of organizations such as MicroCredit Enterprises.

The key to MicroCredit Enterprises' approach to microlending is its guarantors — benefactors in the United States who pledge their personal assets to secure credit from banks and foundations. Each minimum guarantee of \$1 million is used to fund grants to families in countries such as Armenia, Azerbaijan, Bolivia, Cambodia, Ecuador, Georgia, Indonesia, Nicaragua, Nigeria, Peru, and Tajikistan.

Working through carefully vetted microfinance institutions, known as MFIs, in each of these countries, MicroCredit Enterprises provides up to 5,000 loans to small farmers, craftspeople, weavers, and various other entrepreneurs for every \$1 million in backing provided by its guarantors. These 5,000 individuals support, on average, four children, so a single

*Legal Times Highlights Gary
Ford's Work with MicroCredit
Continued*

guarantor helps enough desperately poor people to fill a professional basketball arena. In this way, the organization has helped to lift tens of thousands of families out of poverty since its founding in 2005.

Because it's an almost entirely volunteer organization with extremely low overhead, MicroCredit Enterprises relies on the help of an outstanding team of attorneys to keep it going. Those attorneys help, for instance, with complex banking and lending transactions, international transactions, and taxation. Several law firms and individual attorneys donate considerable pro bono time to the organization: O'Melveny & Myers, Reed Smith, Goodwin Procter, San Francisco Bay area attorney Lucy Reckseit, and my firm, Groom Law Group.

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