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ESTATE PLANNING + PRACTICE PROFILE

Good Deeds, Done Well

Genworth executive Ron Cordes travelled to Uganda to witness the impact of the microfinance and social entrepreneurship programs his family foundation helps fund. Here is his report. By Ron Cordes



Cordes sports a shirt that he bought from a store in Buyobo, Uganda. Microfinancing funded the business.

THERE IS AN OLD ADAGE THAT SAYS IF you give a man a fish, you feed him for a day. If you teach a man to fish, you feed him for a lifetime. Spend some time with Olive Wolimbwa of Buyobo, a town in Uganda, and you take it one step further: If you teach a woman to sell fish to the village up the road, she'll do more than eat—she will build a better life for herself, her family and her entire village.

Wolimbwa knows better than anyone the personal and social trans-

formative power of skills and ingenuity used in a new way. She is the head of the Widow's Association in the village and is the on-the-ground organizer for the microfinance program developed by a U.S.-based nonprofit organization, the Women's Microfinance Initiative, and supported by the Cordes Foundation.

Microfinance is a form of social entrepreneurship, an emerging concept that promotes sustainable business solutions for key societal prob-

lems such as poverty, education and climate change. Wolimbwa has organized women in the village and has even helped them to create business plans and apply for microfinance loans. The loan amounts are small—\$50 to \$100, less than a meal out for an American family at many restaurants. But in Buyobo, they are enough to start a business.

When my wife Marty and I traveled to Uganda in October of 2008, Wolimbwa took us to meet a woman who used her loan to open a shop. We were the first outsiders to visit her business. Our group of observers included John Murray, a fellow Genworth executive; Margee Ensign, associate provost for international initiatives at the University of the Pacific, a 150-year-old liberal arts college based in Stockton, Calif.; and Jerry Hildebrand, founding director of the Global Center for Social Entrepreneurship at Pacific.

The shop owner's business plan is simple: She travels all day to the city from her remote village, buys t-shirts and carries them back to her store where she sells them at a profit. The people who come to her store are happy to pay the markup rather than making the long journey themselves.

Although she was illiterate—many of the women we met during our trip were—this retailer knew exactly what she spent and her profit margin on each sale. She also understood her cus-

tomers. She recognized which shirts sold best; during the summer, when people seemed to prefer a different style, she was able to adjust her merchandise accordingly.

I was struck by the recognition that her process was very similar to that of a Macy's buyer who selects the retailer's spring line. Using her common sense, this woman in a remote village in Uganda was applying the lessons that we in America learn in business school. And like any energetic and successful American businesswoman, she was enjoying the fruits of her success, seeing her income triple—from roughly one dollar a day to three. With that extra money she is able to pay school fees for her children and afford "luxuries" such as a concrete floor in her small, one-room home.

Her loan was not charity; it was start-up capital. She has built a sustainable business, improved her life and helped her village, and she can be justifiably proud of her work and business acumen. It is a story we saw time and time again throughout the village—women's lives improved through their own ingenuity. And in stark contrast to the subprime lending crisis in the United States, loan repayment rates in Buyobo have remained at 100% since the inception of the program last year.

Some of the businesses were what one might call traditional enterprises, such as raising and selling chickens and vegetables, making clothing or running a general store. Others were more creative. For instance, one woman recognized that travelers passing through Buyobo had to depend on the hospitality of villagers for accommodations or meals, or else make do with sleeping in an abandoned shanty. So she opened a bed and breakfast of sorts where, for a small price, travelers could rest comfortably and enjoy a good meal.

The pride of ownership, the sense of accomplishment and the growing



Thanks to microfinancing, turkey dinners and improved prospects are on the menu in Buyobo.

belief in themselves were clear everywhere we visited. It was certainly clear in the tee-shirt shop. As we left, the woman smiled and said, through Wolimbwa as our interpreter, "Thank you for making an investment in me. You won't be disappointed."

SEEKING NEW SOLUTIONS

When we sold AssetMark Investment Services to Genworth Financial in 2006, Marty and I established the Cordes Foundation with the goal of funding sustainable solutions for poverty reduction. We wanted to explore other alternatives to traditional charity that would harness the power of market-based approaches and allow us to make a real difference in people's lives.

When it comes to Africa in particular, many billions of dollars have been thrown at the problem of pov-

erty through the traditional charitable approaches, often with very little of that money reaching the people at the bottom. Despite the best intentions of many no-doubt good people, charity in Africa is inefficient and, frankly, just too open to corruption.

Our search led us to the emerging field of social entrepreneurship. It's a concept that has been growing for the past two decades, getting significant recognition in 2006 when microfinance pioneer Muhammad Yunus, founder of Grameen Bank in Bangladesh, was awarded the Nobel Peace Prize for his social entrepreneurial efforts.

Grameen was the first legitimate institution to engage in microfinance, which is the practice of providing small, unsecured loans to poor entrepreneurs, primarily women, in developing countries. The goal is to spark

economic development and reduce poverty. Eventually, we began to work with the Global Center for Social Entrepreneurship, part of the School of International Studies, at Pacific. It was there that we met Dean Margee Ensign and the Center's founding director, Jerry Hildebrand, an internationally recognized expert in microfinance who has spent more than 40 years in global economic development. (Jerry also serves on the board of the Cordes Foundation.)

Finally, we had the vision to pursue our foundation's philanthropic work and the considerable expertise of the university and the Global Center to support us in our mission. Only one problem remained: making it all work in real life in Africa.

important is that studies have shown women are much less likely to spend income in a nonproductive, short-term manner. Rather, they spend on their children, medicine, food, school fees and household expenses. Almost by definition, investing in women means investing resources in a society's infrastructure.

WMI's president, attorney Robyn Nietert, and Foreign Affairs Director June Kyakobye, a native of Uganda, traveled to Buyobo in January 2008 to launch their first microloan program. It was immediately clear that Olive Wolimbwa was one of the village leaders.

She was the chair of the Widow's Association, which brought together the many AIDS widows in the town

are transforming Buyobo. From this point, the program blossomed.

VISIBLE TRANSFORMATION

Wolimbwa and the Widows' Association began working in a lean-to shed. Through her efforts, leadership and initiative, she secured the land needed to build a community center to house the growing microfinance program and be the new heart of her community. Our visit to Buyobo was timed to coincide with the dedication of the new center, which was subsequently completed and is now in full operation.

Africa is enormous, and poverty is widespread. Buyobo is just one small village, and the many proud business-owning women at the dedication are

This woman in a remote village in Uganda was applying the lessons that we in America learn in business school.

ON THE GROUND IN AFRICA

Most social entrepreneur and microfinance programs have been undertaken in Asia and Latin America. Africa, I was told, is different. Skeptics repeatedly warned me, "It won't work there," or "Africans do not have the entrepreneurial outlook that is found in Asia."

My response was that anyone who can live on a dollar a day is already an entrepreneur. In the end, my instincts were right: Microfinance can and does work in Africa. What we needed was the right person on the ground to help us make it work.

The solution came to us from a group of women in Bethesda, Md., in the person of Olive Wolimbwa. The Women's Microfinance Initiative (WMI) was started by a group of professional women in this suburb of Washington who decided to pool their resources to create a non-profit microfinance company. Microfinance often focuses on women for a wide number of reasons, but the most

to help one another as well as care for the town's many orphans. Wolimbwa organized women for the initial loan program, helping them create business plans, and devoted time and energy to overseeing their progress. She became the initiative's cheerleader, organizer and taskmaster.

Wolimbwa recognized the importance of the microfinance program to Buyobo and wanted to dedicate herself full-time to the project, something her job as a school teacher prevented. By the standards of Buyobo, Wolimbwa's salary was a good one. Sacrificing it for the good of the village required courage. But she told the visiting WMI women that she would give up her job if she could be guaranteed a few years of security.

This was a guarantee the Cordes Foundation was happy to step forward and provide. With five years salary assured, Wolimbwa was able to retire from teaching and become the full-time, on-the-ground support person for the microfinance initiatives that

only a small percentage of the women who could benefit from similar programs. Yet the changes social entrepreneurship and microfinance are bringing here are obvious and tangible—and it is my belief that they have yielded far more benefit dollar for dollar spent than traditional charity would have yielded.

The ultimate goal is sustainable change that outgrows the assistance the WMI, the Cordes Foundation and similar groups can supply. Through the Global Center we have begun to approach other microfinance organizations in Uganda to discuss how they can share best practices and expand the scope of microfinance more widely throughout the country. Meanwhile, the successes achieved in Buyobo, Uganda, clearly demonstrate the benefits of investing in people. FP

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