



THE MC² MODEL

WHAT IS THE MODEL?

**A DRIVING FORCE FOR WEALTH CREATION
AMONG THE POOR**





A model developed by ...



Dr Paul K. FOKAM
Sponsor of MC²/MUFEA



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- 2 **THE MUFFA**
- 3 **OBJECTIVES AND ORGANISATION**
- 4 **ACTIVITIES**
- 5 **MEMBERSHIP**



THE MC² MODEL

- **MC²**: Rural development micro-banks, a driving force for the fulfilment of the poor
- **MUFFA** : an instrument for the promotion of women's dignity
- **The MC² Model**: A wealth creation driving force among the poor



THE TWO VERSIONS OF THE MC² MODEL



- **MC²: The rural version - the rural development micro-bank, a driving force for development in rural areas**
- **MUFFA: The urban version - a wealth creation booster among underprivileged and low-income urban women**
- **The MC² model was developed by Dr Paul K. FOKAM in 1990 and implemented with the collaboration of Afriland First Bank and the Appropriate Development for Africa Foundation (ADAF), an NGO.**



MC²S AT A GLANCE



- **MC²s are rural development micro-banks created and managed by the community in keeping with its customs and traditions.**
- **The abbreviation, which brings to mind Einstein's famous formula, means:**

Victory over Poverty (VP) is possible only if the Means (M) and Competencies (C) of the Community (C) are brought together, that is, $VP = M \times C \times C = MC^2$.



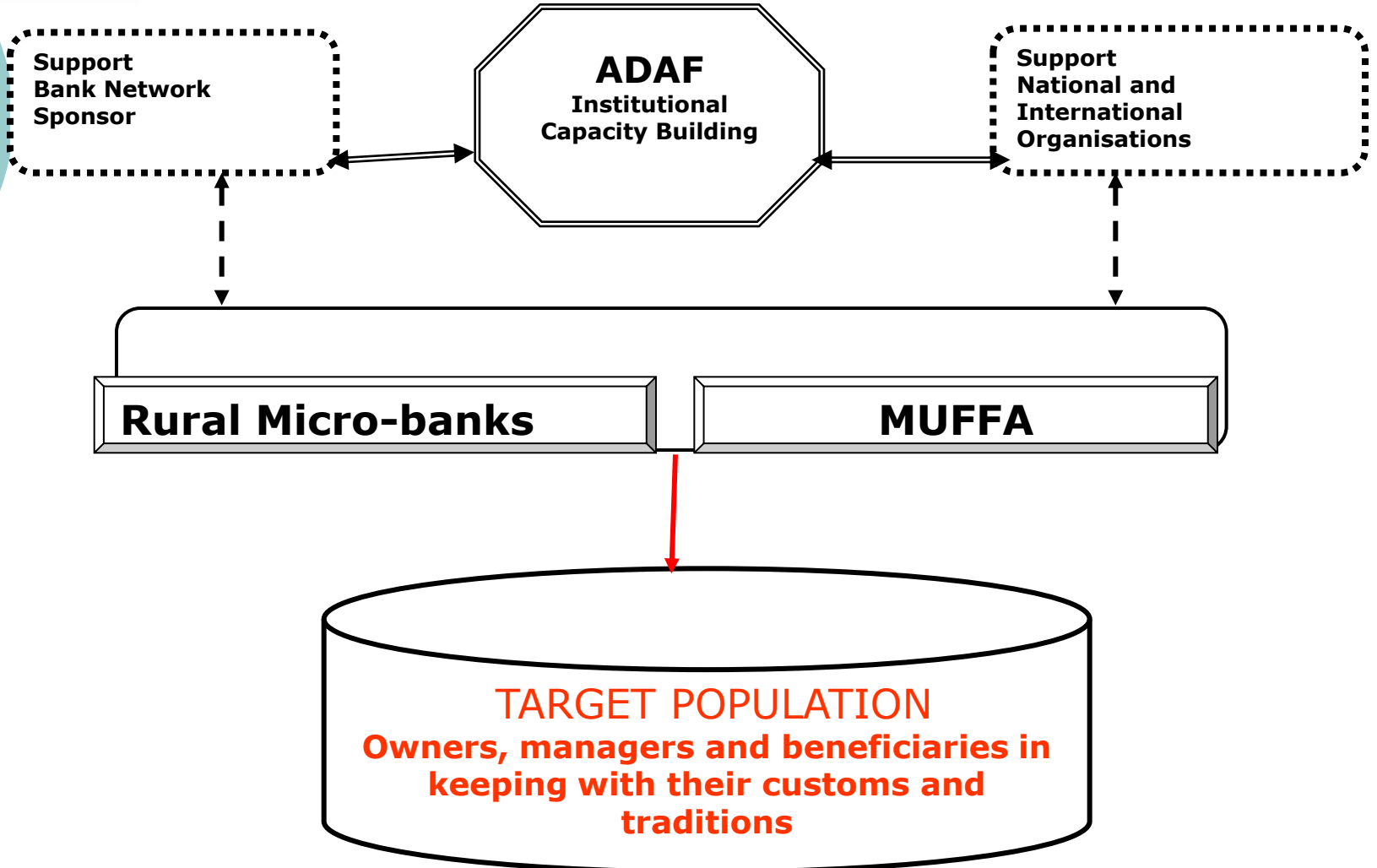
THREE PHILOSOPHICAL FOUNDATIONS



- **Raising the awareness of** the poor on the need to take charge of their destiny
- **Awakening** the poor to the tremendous managerial skills inherent to their culture
- **Leading** the rural population and underprivileged urban women to sustainable self-management



THE APPROACH





CHARACTERISTICS OF THE MODEL



- **Structural link between the MC² Model, a private bank and an NGO**
- **Link between rural and urban populations**
- **Link between tradition and modernity in bank management**
- **Link between the formal banking system and informal organisations**
- **Link between national and international institution**
- **Culture specific securities**
- **Interest rates that are consistent with wealth creation and sustainable development**
- **Integration of socio-cultural values into modern management**
- **Link between the poor and the outside world**



A FIVE-PHASE DEVELOPMENT PROCESS



Phase 01 : **Raising the Awareness of the poor**

Basic Mission - informing and training target populations

- on the role of savings in the self-empowerment process
- on the primacy of self-reliance
- on the pride to be and remain responsible for one's destiny



A FIVE-PHASE DEVELOPMENT PROCESS



Phase 02 : Mobilising resources (savings), the mainstay
of investment

Phase 03 : Financing individual income generating activities

Phase 04 : Financing common interest economic projects

Phase 05 : Realising common interest social projects



OBJECTIVES & ORGANISATION OF THE MC² MODEL



Two objectives:

Economic Objective: sustainability

- The institution's sustainability
- Wealth creation among the poor

Social Objective: driven by the poor, micro and small initiatives



OBJECTIVES & ORGANISATION OF THE MC² MODEL



An organisation :

Autonomy: Common property of the members

Democracy: one man, one vote

Participation : communal approach



RURAL MICRO-BANKS



- **A wealth creation driving force in the rural areas**





WHY RURAL DEVELOPMENT MICRO-BANKS

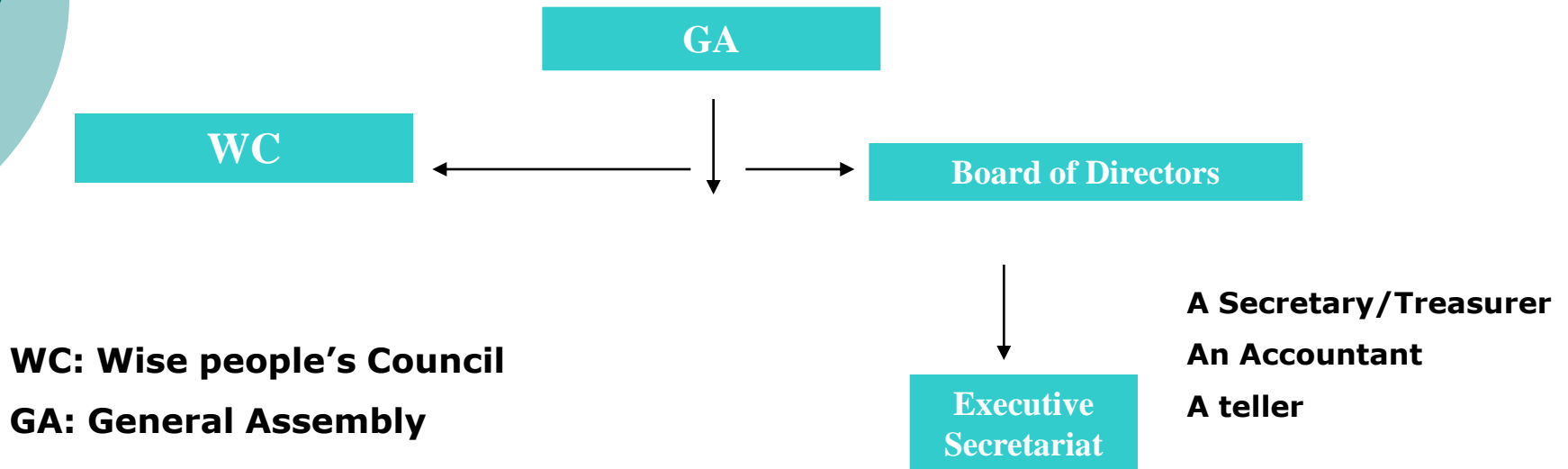


- **Africa is home to more than half of the world's poor** (living on less a dollar per day).
- **More than 60% of rural populations are poor.**
- **Africa's banking rate is 5%.** The rural populations are the most excluded from the formal banking system.





Organisational Chart of a rural development Micro-bank





Membership in a *Rural Development Microbank*



Membership fee : USD 4.12

**Subscribing a minimum of 10 shares at
USD 2.6 per share**

**Purchasing a personal copy of the Articles
of Association (USD 1.03).**



MUFFA

- **A wealth creation booster among poor urban women**



MUFFA : Mutuelle Financière des Femmes Africaines



WHY THE MUFFA?

More and more, poverty is taking on a feminine face across the world.

“More than 70% of Africans living below the poverty threshold are women”

(RMDH, 2000)



Why the MUFFA ?

MORE AND MORE WOMEN ARE EXPOSED

FIGURE 2.6 Sub-Saharan Africa has suffered from many conflicts

Between 1999 and 2003, more than half of the countries and territories torn by violent conflicts are low income.

African women are the most affected.



Source: World Bank Staff estimates.

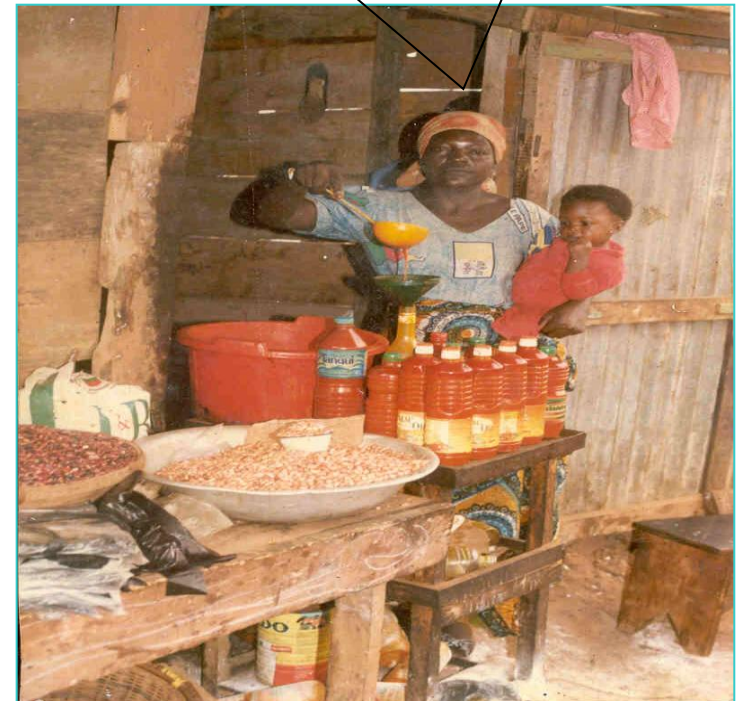


WHY THE MUFEA?

GROWING FEMINISATION OF POVERTY

A study on poverty in rural areas in Africa shows that the poorest homes are generally those headed by women.

When my husband and three co-spouses died, my responsibilities increased: 7 under aged children and none of my brothers in-law was willing to “cleanse” me.





WHY THE MUFFA?

...MARGINALISATION FROM THE FINANCIAL SECTOR

Only 2% of all African micro business people have access to bank loans. (ADA, 2005)

With no material property (since they are generally considered as the property of their husbands) or income, women can neither save nor take loans for lack of collateral security.





Will power : the starting point of victory

With 5 children to raise and a family to help, I can no longer stay at idle home .





OUR COMMITMENT

To fully restore the African woman's dignity





THE TRUE BATTLE:

Helping underprivileged women create wealth

The fight against poverty must be understood as the battle for wealth creation.





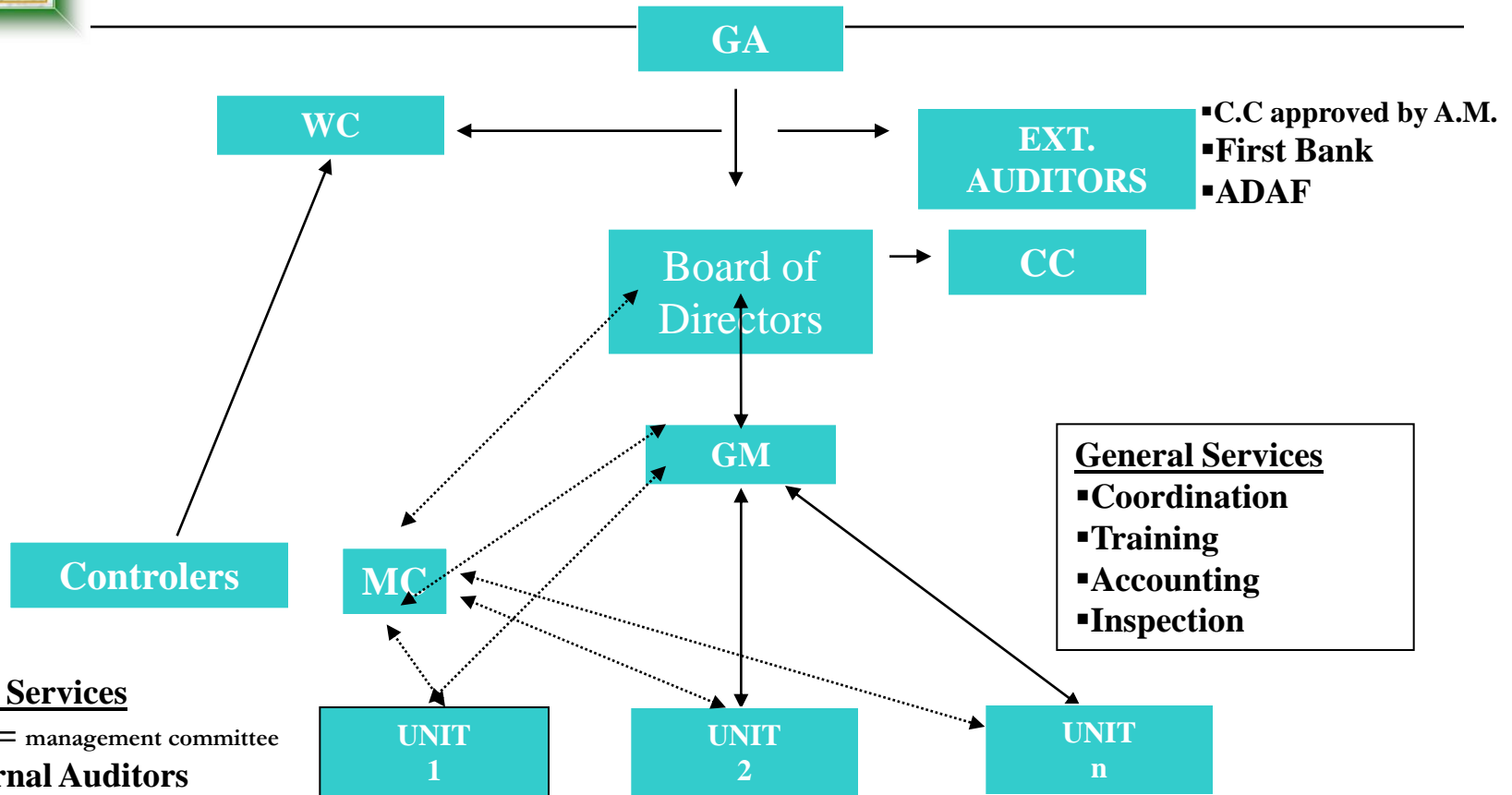
MUFFA IS UNIQUE

MUFFA is open exclusively to women

- **Studies and our research have proven that poverty is more severe among urban women.**
- **MUFFA facilitates access to financial services for urban poor women and enables them to carry out micro wealth generating activities.**



Organisational chart



Local Services

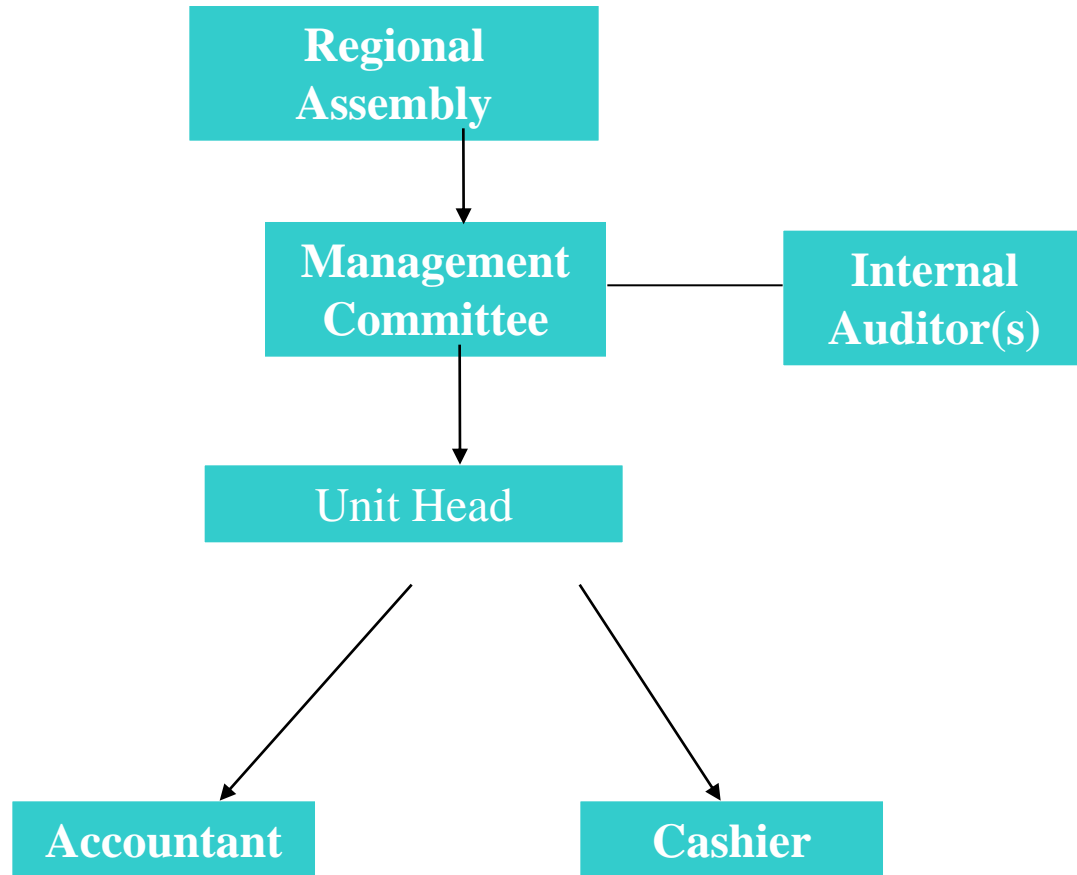
- MC = management committee
- Internal Auditors
- Daily management

General Services

- Coordination
- Training
- Accounting
- Inspection



Typical Organisational Chart of a Unit





MEMBERSHIP

Fees : USD 6.18

Subscription of at least 10 shares at USD 2.6 per share

A savings account of at least USD 10.30

An annual contribution of USD 2.6 to the solidarity fund

A copy of the articles of association (USD1.03), a membership card (USD 1.03) and a subscription card (USD 1.03)



RESULTS

Number of people impacted by the MC ² Network so far	1000 000 households (by estimating the average size of a household at 4 people, we have impacted 4 million lives)
Total amount of savings mobilised among the underprivileged	32.56 Billion FCFA
Total amount of loans distributed among the underprivileged	113 Billion FCFA



CONCLUSION

We can win the battle against poverty with 99% perspiration and 1% genius.