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Christian Micro-Enterprise Development: *A Strategy for Mozambique*



cm ed strategy: **Overview of Strategy**

- OMS International's Christian Micro-Enterprise Development (CMED) strategy seeks to **identify and remove barriers to economic development** for church and community members.
- In Mozambique, a three-part strategy has been developed:
 - Business training and mentoring
 - Access to business opportunities and resources
 - Village-based savings and credit services



strategy part one:

Business Training and Mentoring



strategy part one: **Business Training and Mentoring**

- Two-week business skills seminars to improve each entrepreneur's chances of success
- Financial management seminars to teach financial stewardship of personal, church and business resources, because it's true that a penny saved is a penny earned.

strategy part one: Business Training and Mentoring



strategy part one: **Business Training and Mentoring**



strategy part one: **Business Training and Mentoring**





strategy part one: **Lionor's Success Story**

At one of our business training workshops, Lionor learned to separate her personal and business finances.

Before learning this simple lesson, she did not know how much profit she was earning from her charcoal business, so she could not properly set a price for her product.

She was lost in a sea of vendors selling the same product for the same price, and selling on credit. If she refused to sell on credit, customers could go down the street to someone who would.

Now, she knows that she can insist that her clients pay right away, and she knows that she can offer them a lower price for doing so. Having their money right away means that she can buy more inventory, which will in turn allow her to sell three times as much charcoal each month.

Lionor tripled her sales because of a simple business lesson.



strategy part two:

Creating Access to Opportunities



strategy part two: **Creating Access to Opportunities**

- Not everyone is born an entrepreneur. Unlike Lionor, not everyone wants to own their own business.
- We will create access to opportunities for people who want to work with and learn from more experienced business operators.

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strategy part two: **Creating Access to Opportunities**

- For example, if someone wants to raise chickens to sell in the market, we will team them up with experienced chicken farmers, like Christina and Miguel.
- Christina and Miguel can teach them how to raise chickens and help them through every step of the process until they can do it on their own.
- Christina and Miguel benefit by learning to sell their extensive business knowledge.

strategy part two:
Creating Access to Opportunities





strategy part two: **Creating Access to Opportunities**



strategy part two:
Creating Access to Opportunities





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strategy part three:

Village-based Savings and Credit



strategy part three: **Village-based Savings and Credit**

- Access to financial services, like savings and loans, is important for people who want to better manage their personal and business finances.
- Large commercial banks often don't want to work with poor people because it's not profitable.
- In Mozambique, there are many micro-finance banks, but these have limitations, too. For example, branches are only available in urban and suburban areas, and their interest rates are extremely high.
- Encouraging the creation of informal, village-based savings and credit associations will allow people to provide improved financial services for themselves.



strategy part three: **What is this Village-based Solution?**

- Members of the community select their own autonomous, self-managing groups of 15 to 25 people.
- These groups meet regularly to collect savings. Members can borrow from this pool of savings.
- Borrowers pay interest on their loans, which is given to savers as interest earned.
- There is a high level of trust and transparency because the group self-selects, and everyone knows one another.
- There are no transaction costs, and no expensive “overhead” to keep. All interest payments are redistributed to members of the group, so all of the wealth created stays within the community.
- It’s grassroots banking without the middleman!



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cmed strategy:

Implementing the Vision



cm ed strategy: **How Much Money is Needed?**

- Funding is needed in order to:
 - Promote the strategy and conduct training throughout the country
 - Purchase simple supplies and materials needed, including a safe box for deposits and notebooks.
- Communities don't need to wait for donors to provide loan capital. Because they provide their own loan capital through savings, they can form these groups and begin helping themselves immediately!

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