

# MYC4

YOUR CORPORATE TOOL FOR CHANGE

2008



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## Your corporate tool for change

MYC4 is a new innovative company on a mission to end poverty in Africa.

Now your company can become part of this ambitious project and at the same time incorporate MYC4 in your strategic CSR-activities.

- End poverty in Africa through MYC4 as your Strategic Partner
- Unlock the African Business potential with MYC4
- Become an African Business Partner
- Strengthen your corporate social responsibility efforts

In this brochure you will find information on MYC4 and our business concept, just as we will introduce a number of ways in which you can benefit from our concept. We call it “The MYC4 tool box” because MYC4 aims at becoming your corporate tool for change.

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#### **CASE** INDEPENDENT WOMAN IN A MALE-DOMINATED BUSINESS

An example of one of the many female entrepreneurs who has received loans through MYC4 is Catherine Akwir, who sells vehicle parts at Uganda's biggest market for spare parts. In 2007, she received her first loan of EUR 250, which enabled her to buy spare parts of a higher quality and increase her stock to meet the demands of the customers. Using this loan, she increased her monthly income by 30% making it possible to support her household and send her children to school.

Catherine's entrepreneurial spirit is her driving force. In spring 2008, she applied for a new loan. Having paid back her first loan as scheduled, as is characteristic for all female MYC4 borrowers, she was quickly approved for the next loan. On May 16, 2008, Catherine received her second loan to expand and develop her business.

An important part of Catherine's life at the spare parts market is her membership of a group of six women, who help each other to do business, give each other advice and provide acute financial support. This is a women-only group that calls itself "Women Development".

Catherine is setting an example to other women to be open-minded about investing and engaging in businesses dominated by men.

” MYC4 is not a charity foundation.

We want to eradicate poverty through business, and our goal is to become an attractive strategic business partner for companies, who wish to join us.

By offering both operative and strategic solutions, MYC4 is a corporate tool for change.

Mads Kjær, CEO and co-founder of MYC4



## **HOW** DOES MYC4 CONTRIBUTE TO REACHING THE MDGS?

By giving access to capital on fair and market driven conditions, MYC4 removes development barriers such as excessive interest rates and unreliable banking terms as the only access to capital for Africans.

MYC4 is primarily targeted at small and medium-sized businesses which cannot benefit from donor money, and which do not have access to international commercial banking. Experience shows, however, that the wealth of nations is measured by the number of thriving small enterprises they have, not by the giants. This is why MYC4 is determined to end poverty in Africa through growth amongst small and medium-sized businesses deprived of funding from traditional financial institutions.

Today, MYC4 is operating at the top of the microfinance market (loans > EUR 100) and at the bottom of the mesosegment, medium-sized and small businesses (loans < EUR 100,000), with loans being offered not to the poorest of the poor but to entrepreneurs who already have a small business or company but lack access to finance. In the future, loans will also be offered to a broader section of the mesosegment.

Before they are classified as investment businesses on the MYC4 platform, all businesses interested in obtaining a loan undergo a thorough investigation process to make sure that they have healthy economic prospects for growth.

By providing the framework to enable African entrepreneurs to create healthy businesses, MYC4 is at the same time contributing to the overall development of the local community. With the profit the lender earns, he or she is able to send the children to school, expand the business and hire more people who in turn are able to send their children to school, and so on. The spin-off effects are unlimited.

# 1. WHAT IS MYC4?

MYC4 is an online marketplace bridging the gap between enterprising Africans lacking capital to build businesses and investors eager to contribute to positive development and at the same time make a profit.

MYC4 is on a mission to end poverty through business. The online platform works with local partners, including microfinance institutions, SME (small and medium sized enterprise) consultants, NGOs and companies operating in Africa. MYC4 and its partners identify and train local African entrepreneurs, and channel capital to finance their growth and ultimate sustainability.

The single most critical constraining factor for development of the private sector in Sub-Saharan African countries is probably the absence of capital for SMEs.

In scaling its business, MYC4 will contribute to the eradication of poverty through business. The MYC4 lending platform provides the greatest degree of transparency, bringing international investors closer to the entrepreneurs and making them able to select which entrepreneurs they invest in and the return they expect on their capital.

MYC4 is a unique investment facility in the sense that it will bring capital to all sizes of African businesses, from the smallest micro entrepreneurs to larger, established enterprises.

MYC4's founders are accomplished Danish entrepreneurs who have built a team with the

competences to bring their vision to reality. The company has received significant support from the Danish International Development Agency, DANIDA, and several prominent international development agencies, and has already attracted important media coverage for its innovation and business potential.

The MYC4 online investment platform was launched in May 2007 and, as of August 2008, have financed over 2,500 African business loans, to the tune of over EUR 4.0 million, in Uganda, Kenya and Côte d'Ivoire. By end 2008, MYC4 is projected to have financed EUR 12.5 million in cumulative loans since inception, adding Ghana, Senegal, Rwanda and Tanzania as countries of operations.

The goal of MYC4 is inspired by the United Nations eight Millennium Development Goals (MDGs). The goals form a blueprint agreed to by 192 countries and all the world's leading development institutions. MYC4 will focus on becoming a significant tool in the fight to eradicating poverty.

The MDGs will be used as a benchmark for economic and social progress, and the fulfillment of these goals will be used by MYC4 as an overall objective for the work together with the ROI for the investors using MYC4 as an Investment Vehicle for Social Responsible Investments.

## 1.1 The African loan market

The world has never been richer, and yet millions of people around the world continue to suffer



### **CASE** SHINE A LIGHT

When the light is fading and darkness is falling, it becomes difficult for the adults to work and for the children to do their homework in Uganda. But the entrepreneurial businessman James Wire knows how to create light in the darkness.

With a loan of EUR 10,000 through MYC4, he has started up a business selling solar cells, which are connected to LED bulbs and thereby function as lamps. The loan is to be repaid within 24 months.

James believes that light is a basic human right. He has undertaken test marketing with LED lighting products and the response has been overwhelmingly positive.

from poverty and related illnesses. Microfinance targets the bottom of the pyramid, which amounts to 1.1 billion people globally if we include only those living with less than USD 1 per day, but increase to 2.7 billion people, or 40% of the global population, if we include those living on less than USD 2 per day.

Africa is no exception to this trend, as overall access to microfinance, or any type of formal financial system, remains rare and extremely expensive.

In many developing countries, where the majority of economic activity occurs in the informal sector, the capital needs of SMEs are often met by turning either to local “loan sharks”, or through trade financing, with rates of 5% per week or 30% per month or higher not being uncommon. The justification for borrowers accepting such

exorbitantly high interest rates by western standards is often explained by arguments of opportunity cost, transaction costs and uncertainty of credit risk. However, the sheer scarcity of liquid capital in the informal sector, and the asymmetric market power of lenders are also key factors that cannot be ignored. And yet, even at these rates, many borrowers successfully repay the typically very short-term loans, demonstrating the high marginal productivity of capital in the informal sector where liquid capital is scarce. But with the current model, the vast majority of these returns on capital revert to the lenders, rather than to the entrepreneurs and working poor.

By offering an alternative to this model MYC4 is already experiencing a rapidly growing demand from African entrepreneurs seeking to expand and grow their businesses.

## 2. YOUR TOOL FOR CHANGE

### - MYC4 as a strategic business partner

MYC4 allows companies to be both socially responsible and socially innovative together with the opportunity to gain a direct return on their investments.

The platform enables everyone and every company to engage and contribute towards a sustainable development of Africa’s future. By combining the quest to be economically viable, socially responsible and environmentally sound, MYC4 has become the new tool to leverage any company’s CSR activities.

#### YOUR TOOL FOR CHANGE

MYC4 provides a wide range of possibilities for

you as a company to engage in an innovative sustainable business. Every bit counts in our work with unlocking the business potential in Africa.

The business potential in Africa is unlimited. African entrepreneurs have the will to lift themselves out of poverty and create long term sustainable business growth and hence improve the lives of many Africans.

We have put together a number of corporate tools, which we introduce in the following sections. However we are always open for new ways to make use of our platform. Let us know, if you see a new potential for MYC4 to fit your business.



### **CASE** ANCIENT CULTURE MEETS MODERN TECHNOLOGY

Masai Mara is the second largest national reserve in Africa. Fringed by the Mara and Talek Rivers, and with rolling hills, acacia trees and woodland, the rural area forms the home of the Masai people. Today, they only conduct minor business by selling arts and crafts to tourists, just as they provide for themselves by keeping goats and cows. With no electricity and situated far from nearby towns, it has previously been extremely difficult for the Masais to get access to and lend capital, and thereby start up businesses. The solution, however, is to be found in modern mobile phone technology, which stands in stark contrast to the Masais' primitive way of living. A unique telephone payment system allows borrowers to pay via mobile phone and thereby save them from travelling for days with the money in hand, which is risky.

MYC4 has provided capital for putting up a mobile banking business in Masai Mara, which means that more entrepreneurs from the community now have access to loans. For instance, four entrepreneurs are now borrowing money to expand their herds.

## 3. THE MYC4 TOOLBOX

- CORPORATE EVENTS
- AFRICAN FOUNDATION
- STRATEGIC PARTNERSHIP – VERTICAL SUPPLY CHAIN
- EMPLOYEE INVOLVEMENT
  - EMPLOYEE ACCOUNTS
  - STAFF COMPETITIONS
- CHRISTMAS PRESENT
- CORPORATE WORKSHOPS
- COMMUNICATION SUPPORT
- PHOTO EXHIBITION

### 3.1 Corporate Events

Companies can play an important role in creating awareness about how to eradicate poverty. By inviting MYC4 to a company event you are actively raising debate on the tools available hence inspiring the participants to personally get involved.

So how can you support African entrepreneurs through your company's events?

Instead of wishing for the traditional wine and flower gifts at receptions, anniversaries and other celebrations consider this opportunity: wish for donations to support African SMEs through MYC4. Hereby you get the opportunity to contribute to long-term positive development in some of the world's poorest countries and at the same time earn an attractive profit. Simply create your own investment account on MYC4.com and attach a MYC4 Gift Voucher, physical or virtual, to the invitation you sent for the event.

MYC4 will be happy to discuss how we could help your company organize an event for African entrepreneurship.

#### CASE GEISMARS

MYC4 was invited to the birthday celebration to give a speech on our mission and to engage all guests in the vision.

Instead of traditional presents, CEO Vibeke Snedgaard Rafaelsen from the Danish textile company Geismars wished for a contribution to an African Textile Foundation, when hosting her 40-year birthday for business partners, family and friends.

**“As an entrepreneur I know how difficult it can be to get funding, and as a result I would like to help others to start their own business. At the same time I believe that we can only eradicate hunger through business, since aid has proven inefficient and inadequate so far.”**

The Textile Foundation invests in fellow African textile companies such as weavers, tailors and textile retailers.

**“Being able to help entrepreneurs in Africa is important to me, and in the long run I would like to contribute with more than just money. I would gladly go to Africa and visit some of the**



businesses and be able to share some of my experiences and knowledge.”

### 3.2 African Foundation

MYC4 offers companies the possibility to establish a Fund for African Entrepreneurship and thereby integrate the initiative in their overall CSR and Sustainability Strategy both internally towards their employees as well as externally towards their customers and general public.

The fund can be set up with our “autobid function” to match the selection criteria of your company. This could be by: Country, Industry, Provider, Bid Amount and Interest Rate. The autobid function minimizes the overall administration and management of the fund.



#### CASE LETT, CREATES FOUNDATION FOR AFRICA

Lett Law Firm is one of the top 5 law firms in Denmark. Earlier this year Lett inaugurated their new domicile in Aarhus with a grand reception. Instead of gifts Lett encouraged their guests to support its newly established “Lett Foundation for Africa”. The total donations of about EUR 15,000 will all be invested directly in African entrepreneurs via the MYC4 market place.

**“We wanted to create long-term Sustainable growth for African entrepreneurs who have a viable business idea but lack the capital to get started. We thoroughly believe that creating private enterprises will be one of the most important tools in the eradication of poverty and we are happy to be able to contribute with our Foundation.”**

Peter Rønnow, Partner at LETT

Today, Lett employs more than 350 staff and has offices in Copenhagen, Aarhus and Kolding.

### 3.3 Vertical Supply Chain Integration

The MYC4 marketplace offers an ideal opportunity

to any company professionally involved in Africa wishing to develop and expand its own supply chain, i.e. in technology, people, distribution and quality of produce, or by trying out new business models.

We offer companies professionally engaged in Africa to bring business projects on to the platform. At MYC4 that type of involvement is classified as Vertical Supply Integration as it is based on a vertical approach to the company's own supply chain.

There are numerous benefits derived from bringing the project to the MYC4 marketplace as the company can integrate and leverage the investments required to expand their business in Africa. Not only does the company stand to gain financially but will also strengthen its brand and CSR profile.

#### VERTICAL SUPPLY CHAIN INTEGRATION

##### CASE THE TOMS GROUP & ARMAJARO

Together with its supplier of cocoa beans – the global commodities and financial services group Armajaro – Toms Group is going to invest directly in the local cocoa bean farmers, helping them to build a sustainable business. In so doing, Toms is not only supporting the local community, but also creating a link to its core business. And the involvement in Ghana will not only optimize Toms’ supply chain, but also enable it to proactively communicate its social involvement in Ghana as part of its internal and external CSR strategy.

London-based Armajaro, which is involved among other things in cocoa and coffee origination and distribution, has engaged with MYC4 with the purpose of investing in its supply chain in Ghana. As prices for cocoa beans are fixed centrally by the authorities in Ghana, it is impossible to obtain both quality and quantity by paying more for the beans. Other means of securing supplies are required, and Armajaro has therefore decided to initiate a network of 45 Farmer Shops. The shops will offer a wide range of products to the farmers, including fertilizer, boots, hatchets, trays, machetes, etc., at very low prices sourced in quantity at a discount



from wholesalers. The shops will also provide group loans to the farmers, allowing them to invest in production and output improvements.

**“The idea of establishing a network of Farmer Shops came up in response to the competitive market situation in Ghana. By investing in the cocoa beans farmers it is our hope that they will sell their beans to us, but we also see this as an opportunity to assure the quality of the product we are buying. By having the shops control the sale and use of fertiliser, we can also ensure that only products approved by the European authorities are used. This will increase the product value for the farmers,”**

Nicko Debenham, Director, Armajaro.

MYC4 will serve as the platform for sourcing the required capital. Armajaro will act as investor on MYC4 itself, and the rest will be raised via other investors on MYC4.

Armajaro will also act as provider and lender, with Armajaro’s Country Head Office in Ghana acting as provider – identifying the businesses to invest in – and its 45 District Offices serving as lenders, i.e. handling the money lending.

Like Toms, Armajaro will appoint teams from its staff that will compete to generate the best return on investment on MYC4 as part of a team building and employer branding process. But the initiative will also provide Armajaro with a competitive consumer positioning and a socially responsible profile.

In the end the Toms Group will also like to communicate directly with the end consumer about their engagement in this project directly on the packing on their products.

### 3.4 Employee involvement

Today companies are expected to conduct their



business in a manner that show that they are considering the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, communities as well as the environment.

Poverty has become everyone's business in the global community. MYC4 is the perfect tool for any company who wish to involve their employees in the debate about ending poverty in Africa through business.

### EMPLOYEE ACCOUNTS

One way of engaging your employees is to offer them a MYC4 account. By actively giving the employee the possibility of investing directly in the entrepreneurs you are, as a company, automatically making a difference.

### CASE LA FAMILIA

Corporate Social Responsibility is an important concept for the Danish top-advertising Agency La Familia when counselling clients from different industries. To let the social responsibility spin off internally as well, last year all employees were given a MYC4 account. This way each employee could make an outreach to fellow, but less fortunate, people with a creative spirit in African countries.

**“We used MYC4 as an internal event to create awareness about Africa and give our employees the opportunity to make a difference. We also put six bottles of fine red wine at stake to the one employee, who could create the highest profit from his or her investments. It has created a lot of positive attention in the office.”**

Jørgen Juhl, CEO, La Familia

### STAFF COMPETITIONS

One popular way of creating team work and focus on ending poverty in Africa is to activate investment teams within the company. Many MYC4 customers have chosen to do this.

The winning parameters vary all depending on

what the employees see as important, but could be:

- Highest interest rate
- Largest numbers of projects financed
- Largest number of investors recruited Etc.



### CASE KPMG

In Denmark, the global accountancy and consultancy firm KPMG has 1,500 employees. In May 2008, one of the divisions, Transaction Services, decided not only to let their knowledge and efforts to be in their clients' favour but also support African SMEs with capital through MYC4.

Five teams from KPMG Transaction Services are competing to make the best investments. The impact is measured on different parameters like social responsibility, profit and security.

The winning team will not, however, win anything but the honour. The profits will be used for re-investment or charity to increase KPMG's social impact.

**“ I first came across MYC4 when a friend working in Africa told me that he had heard about a Danish internet based micro investment project. I went to the homepage and after reading a bit decided to invest 50euros to see it in action as I thought it sounded like a brilliant idea. After receiving my first repayment on time I presented the project for the department. They loved the idea and soon there after we were rolling.**

**it has been a great way for us in Transaction Services to come together around something other than work. People have taken it very seriously and how our investments are doing is a quite frequent topic over lunch. It has really helped raise focus on the development in Africa in our department. Unexpectedly, despite the competition element we have actually end up with quite low interest rates on our loans as**



You can learn more about our MYC4 christmas programme on [www.myc4.com](http://www.myc4.com)

people have chosen more to focus on the social impact and specific industries than on return.

A really nice surprise have been that we have also seen a couple of clients on the platform.

For us it has been a great way to combine a social responsible activity with business. As MYC4 states on their homepage, its not charity – it’s a business partnership. That is what I personally think is needed to help Africa on it way out of poverty – and im glad MYC4 have provided us with a tool to help do just that! ”

Jeff Kjær, Associate KPMG

### 3.5 Christmas Present

Creativity is needed, when it is time to determine the company Christmas present. Everyone has an abundance of material goods, and we really don’t need another chef’s knife or designer vase. By giving employees and external partners a MYC4 gift account, you give them the opportunity

to make a difference and a profit; an untraditional Christmas present to be remembered.

### CASE THE TOMS GROUP



Last year the Danish chocolate manufacturer Toms Group decided to give all employees the possibility to choose a MYC4 investment account between a total of four different Christmas presents. More than 20 pct. chose this opportunity and received an account containing EUR 66 that they could invest on the MYC4 marketplace.

Furthermore, three teams were appointed to compete on the best return on investment of DKK 50,000 (EUR 6,700). The initiative served as an internal employer branding exercise and inspired Toms to proceed with another project aimed at the company’s own supply chain. In corporation with its supplier of cocoa beans Armajaro.

“The feedback from our employees has been very positive. Many have found the concept of investing in small African businesses exciting

and expressed pride at being employed in an organisation taking a social responsibility in Africa”

“The idea of doing something good while simultaneously improving our own business has been very well received and inspired us to proceed with a new initiative in Ghana.”

Jesper Møller, CEO, Toms Group.

### 3.6 Workshops

MYC4 has had the pleasure of hosting numerous workshops for the corporate sector. The topic of debate has embraced everything from: innovation in technology, the challenge of managing CSR with profit, leadership skills, Africa’s challenges, etc. The workshop will of course be tailored to the specific demands of the company.



### 3.7 MDG 2015 Photo Exhibition

As a MYC4 business partner you get the opportunity to benefit from a spectacular photo exhibition, shut by reknowned danish photographer, Jens Honoré. Through amazing pictures, the exhibition educates about the Millennium Development Goals and by exhibiting the photographs in your reception, canteen or hallways you can visualize the contribution of your company.

The material can also be used externally on your website or in printed materials and media outreach together with the various videos that are developed as a part of the concept.

Bringing the photo exhibition to you will cost a token amount, which will be invested on the platform in your company’s name.



#### CONCEPT

The objective of the exhibition is to visualize the 8 Millennium Development Goals (MDGs) set forth by UN and to be reached by 2015. The visualization is realized through Africans borrowing money through MYC4 for a growth-oriented purpose.

The countries comprised in the exhibition are Uganda, Kenya and Côte d’Ivoire. MYC4 has an extensive network in these countries, primarily in terms of local partners that utilize MYC4 to fund the borrowers loan requests.

The visualization of the goals is determined by a set of parameters. The common denominator of the parameters is to show Africa from an unconventional perspective. This denominator “unconventional” materializes into parameters that are recognized as: dynamic, opportunities, open, joy, valuable, proud, and beautiful. The photos and video produced for the exhibition are guided by these parameters.

To set the best possible frame for the exhibition a number of cases (borrowers) have been chosen, representing some of the investment projects, funded by MYC4. The cases were primarily chosen based on an alignment with the overall parameters for the exhibition listed above. In general the cases depict “good stories” meaning that not only are they visually interesting, but also contain a deeper story that depict the requested parameters. The story of the cases is highly interrelated with the MDGs, thereby illustrating how the success of the people in the cases contributes to the achievement of the MDGs.

A core element in the exhibition – and one of the reasons for using the borrowers of MYC4 – is also to illustrate that one private individual can contribute in the achievement of the MDGs.

### 3.8 Communication support

MYC4 will be happy to assist you in all your communication effort whether it is internally or externally as far as our abilities reach.

#### COMPANY INTRANET OR EMPLOYEE MAGAZINE

MYC4 will be able to assist your communication department with writing a story for you internal communication channels like intranet or employee magazine. Here we can help you explain the concept behind MYC4, the Millennium Development Goals and assist your with testimonials of African Entrepreneurs who has already received a loan on MYC4.

MYC4 also has a selection of various videos that you can use to explain:

- What is MYC4 and how does it work?
- What are the MDGs and how are they linked to MYC4?

The videos feature African entrepreneurs as well as European investors.



#### CHANGE THE MYC4 STAKEHOLDER MAGAZINE

MYC4 has issued a stakeholder magazine CHANGE which is the perfect forum to debate topics relating to Africa, the MDGs, MYC4's vision and the business potential Africa represents. We are happy to provide you with free copies of this magazine.



#### MEDIA OUTREACH

MYC4 will be happy to assist you in your effort to communicate about your contribution to ending poverty in Africa if we as a possibility for a cross related media outreach.



#### PHOTOS

MYC4 has a huge selection of photos that you can use free of charge to support your communication.

The photos are mainly taken by the internationally renowned photographer, Jens Honoré

If you are interested in hearing more about MYC4, Please contact:

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