Fundraising Best Practices
August 2020
Agenda

Introduction
Fundraising process
COVID-19 and Fundraising
Q&A
Your facilitators today

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Introductions: Open Capital Advisors is a management consulting and financial advisory firm committed to Africa’s growth

Introducing Open Capital

• Global-quality advisory organization in Africa
• Founded 2010 in Nairobi
• Blend of management consulting, investment, and corporate finance skills

Experience

• Team of 130+ full-time employees in Kampala, Nairobi, Lagos and Lusaka
• Experience working in more than 20 SSA countries
• More than 600 client projects, and more than US $600 million raised for clients through network of 300+ funders

Unique differentiators

• Deep local market expertise engaging organizations, funders, and development organizations
• Geographic and sector expertise
Fundraising process
Fundraising for ecosystem players is significantly different from that of organizations

Fundraising process that organizations and ecosystem players is quite similar
Typical fundraising process has five stages that involve the funder and the ecosystem player

1. Initial meeting
2. Initial due diligence
3. Term sheets
4. Further due diligence
5. Closing & investment
Initial meeting is an opportunity to get to know one another and assess fit

**What to expect: Need to present**
- Your idea or model
- Your impact objective
- Your leadership team’s experience
- Your performance thus far,
- Plan to use the capital requested
- Expectations for scale & sustainability

**Things to Consider / Best Practices**
- Ensure you have clearly defined rationale for raise and capital need
- Understand the funder landscape
- Ensure pitch considers funders’ strategy to help you better frame the opportunity
- Phase your outreach process
- Assess fit
- Align on clear next steps (if moving forward with the process)
During initial due diligence, be prepared to start handing over internal documents

What to expect
• Submit internal documents to funders
• Answer questions to funders promptly & thoroughly

Things to Consider / Best Practices
• Build documents that can articulate the opportunity to funders
• Consider what funders need to know
• Set up disclosure/confidentiality agreements
• Institutionalize knowledge by capturing questions and responses in a repository
Term sheets formalize the negotiation during an investment

**What to expect**
- Negotiate about level of control the funder will have over your organization
- Discuss terms
- Start to formalize your discussions in a non-binding written document

**Things to Consider / Best Practices**
- Work to ensure that all aspects of transaction are covered in detail
- Negotiate benefits/return that funders will get
- Negotiate control
- Don’t sign term sheet if not comfortable with all terms
Further due diligence will involve intensive investigations into your company – critical to be prepared!

**What to expect**
- Very intensive investigations into your internal documents and processes
- Extensive questions about your past and future performance

**Things to Consider / Best Practices**
- Maintain high-quality records as part of standard operating procedures
- Provide written responses (rather than verbal) to ensure accuracy
- Be ready for the time it will take your team especially finance
- Give funders current and accurate information
Expect at least a few months between receiving an investor commitment and receiving money

**What to expect**

- A fairly lengthy process
  - as the legal documents are drawn up and finalized
  - Time for the funder’s own management / board to approve the investment and disburse funds

**Things to Consider / Best Practices**

- Review and sign documents promptly
- Hire local counsel
Money isn’t everything – other aspects matter too

Rapport
Non-financial support
Long-term strategy
First-hand experience on fundraising during COVID

- What’s your experience with fundraising?
- What challenges have you faced when it comes to fundraising?
- What are some lessons you have learnt?
- What are some of the best practices would you advice someone to adopt while fundraising during this time?
Questions?
COVID-19 and Fundraising
Fundraising trends we are seeing during COVID-19

1. Use of technology to connect and even fundraise

2. Rise in fundraising efforts on health, sanitation and any emergency situations

3. Redesign and development of financing solutions

4. Repurpose funds by funders to support organizations they were already supporting pre-COVID
Discussion on fundraising experience

**Instructions**

- We will breakout in groups
- Each team will take 15 mins to discuss the following questions:
  1. What challenges have you faced when it comes to fundraising?
  2. What impact has COVID had on your fundraising efforts?
  3. As a result of that impact, how has it changed your fundraising strategy?
  4. What practices have worked well for you?
Group sharing session

For each group representative, take 2-3 minutes to share back with the rest of the group
Key takeaways

1. Clearly define rationale for raise and capital need.
2. Build your ‘case for support’
3. Revise your fundraising strategy but don’t lose momentum.
4. Use digital platforms to connect.
5. Deepen relationships with existing funders.
6. Collaborate with community, government and organization sector.
Closing