ANDE members often identify fundraising as one of their biggest organizational challenges as they look to support the entrepreneurs they work with. In this Part I of the 2-part virtual workshop on "Fundraising Best Practices", our facilitators shared from their wealth of experience, practical strategies for fundraising in the development sector.

**Moderator**
Joshua Adedeji, Program Manager - ANDE

**Facilitators**
Nathalie Gogue Ebo, Principal - Open Capital Advisors
Keru Munene, Project Leader - Open Capital Advisors
Gwen Abiola-Oloke, Independent Consultant, Business & Finance

**Opening Remarks**
- *Joshua Adedeji, Program Manager, ANDE West Africa*

The Aspen Network of Development Entrepreneurs (ANDE) is a network organization that supports intermediary organizations in emerging markets. ANDE members work directly with entrepreneurs, while we provide the support they require. Fundraising has been a challenge for our members and other local businesses which is why we put this event together with funding from the Aspire Coronation Trust (ACT) Foundation to have practitioners share experiences and best practices. This session focuses on the best practices of fundraising including some high-level concepts, the fundraising process and also the impact of COVID-19 on fundraising.

**The Fundraising Process**
- *Nathalie Gogue-Ebo, Principal, Open Capital Advisors*

**Fundraising Best Practices**
The first thing to highlight in the fundraising process is how people think that the fundraising process for ecosystem players is different from that of SMEs/entrepreneurs. The details are different, but the fundamentals are the same.

**Debunking the Myths of the Fundraising Process**
Myth: Fundraising for ecosystem players is significantly different from that of organizations.
Fact: Fundraising process shows that organizations and ecosystem players are quite similar.

**The Fundraising Process**
A typical fundraising process has five stages that involves both the funder and the ecosystem player:
1. Initial Meeting
2. Initial Due Diligence
3. Term Sheets
4. Further Due Diligence
5. Closing and Investment
INITIAL MEETING
This includes a series of conversations and meetings. At this point, what the funders and the organizations do is to try to get to know each other’s strategies and objectives in order to decide if the relationship can work. It’s basically an opportunity to get to know one another and to assess fit.

What to Expect
1. Sell your idea or model clearly.
2. Spell out your impact objective specifically.
3. There is a need to present leadership team’s experience.
4. Share experience. This means the performance that the organization has had or any previous experience with funder.
5. The plan the organization has for the capital requested.
6. Expectation for scale and sustainability.

Things to Consider or Best Practices
1. Ensure you have a clearly defined rationale for funds and capital needs.
2. Understand the funder’s landscape (what they focus on and who they fund)
3. Prioritize pitch and consider funder’s strategy to help you better frame the opportunity.
4. Phase out your outreach process.
5. Assess fit: This means to determine the best choices to make in case you come across a red flag or realize that the investment pitch is different from what you want to do, or the style is really different from what your organization needs. It could be a great organization, but it may not be for you so it’s advisable to assess fit.
6. Align on next steps that are feasible and clear (if moving forward with the process).

INITIAL DUE DILIGENCE
Due diligence requires the organization and its funders to get to know themselves. It involves more information and trying to figure out if there is an alignment. During initial due diligence, be prepared to start handing over internal documents.

What to Expect
1. Expect to submit your internal documents to funders as they might want to review some of your financial details/management team information and to better understand the broader environment and ecosystem that you are under.
2. Answer questions promptly and thoroughly.

Things to Consider or Best Practices
1. You need to start building documentation that can articulate the opportunity to funders.
2. Also consider what funders need to know.
3. Set up non-disclosure/confidentiality agreement.
4. Look forward to institutionalizing knowledge by capturing questions and responses in a repository.
TERM SHEETS
Term sheets formalize the negotiations during an investment. At this stage, the terms of the initial agreement and alignment are discussed. This is the point where your organization and its prospective funders are to negotiate further.

What to Expect
1. Negotiate about level of control the funder will have over your organization.
2. Discuss terms, asking every possible question on all aspect of the fundraising process. This will help prevent issues that could come up in future and cause delay or break the deal.
3. Start to formalize your discussions in a non-binding written document.

Things to Consider or Best Practices
1. Work to ensure that all aspects of transactions are covered in detail.
2. Negotiate benefits/returns that funders will get.
3. Negotiate issues regarding the control of your organization with funders.
4. Don't sign term sheet if your organization is not comfortable with all terms.

FURTHER DUE DILIGENCE
This is where the funders go deeper in the relationship, asking for more details and transparency before making the decision to put funds into the business or organization. Further due diligence will involve intensive investigations into your company - it's critical to be prepared.

What to Expect
1. Very intensive investigations into your internal documents and processes.
2. Extensive questions about your past and future performances.

Things to Consider or Best Practices
1. Maintain high-quality records as part of standard operating procedures.
2. Document meeting responses to ensure accuracy.
3. Be ready for the time it will take your team to process these documents especially the finance team.
4. If you are going to share something, be honest and transparent because it is important to build trust.
5. Give funders current and accurate information.

CLOSING AND INVESTMENT
Here, the due diligence is done, all legal documents have been drafted, the disbursement conditions all set, and agreement has been reached. Expect at least a few months between receiving an investor’s commitment and receiving money.

What to Expect
1. Expect a fairly lengthy process at this point as:
   • Legal documents are drawn up and finalized
   • It takes time for the funder’s management or board to approve the investment and disburse funds.
Things to Consider or Best Practices
1. Try to be prompt in reviewing and signing documents.
2. Make sure you have the right counsel to review things (Hire legal counsel).

It’s Not Just About the Money
There’s also a lot of other benefits that can come from the fundraising process that needs to be considered.

1. Rapport: It’s a long-term relationship - almost like a marriage so you want to make sure that there is an alignment in terms of strategy, style and expectation with the funders.

2. Non-financial support: Some funders can provide other non-financial support such as access to a network that organization needs.

3. Long-term strategy: The fundraising process also helps you think about your long-term strategy and help build relationships with organizations that have similar vision and philosophy with yours.

Personal Fundraising Experiences
- Gwen Abiola-Oloke, Independent Consultant, Business & Finance
Fundraising is the same across all sectors. Adaptation may occur but the principles are universal. There is a lot of research that goes into the process before the actual fundraising event. You need to make your strategy and capital needs obvious so as to resonate with the funders.
The question now is, how do you develop a cost-effective matchmaking process?

1. Research: This goes beyond searching online to include being in networks. People love to do business with people they know or are referred to. Entrance is a lot easier when you are referred by someone than when you send a cold email.

2. Identify potential funders and put them in segments. You need to understand what their focus is- for instance, commercial funders have a different focus from social funders.

3. The funding community is predominantly a developing community and so there are emotions attached to the money. Funders would like to connect to your success stories, beneficiaries, and impact. Telling a compelling story goes beyond telling about what you do to how that fund can be structured into a social object that will affect and touch lives.

4. Speed is also important because the fundraising process is time consuming. Also, there could be turnover situations. For instance, you meet and start a conversation with Mrs. X in a potential funder organization who connects with your vision and is able to sell your project or initiative to the organization. If Mrs. X leaves the organization, you would almost have to start over. Personal connection is very important.

Next question is, how do you engage the funders?

Have people-oriented resources: This means have on your team people who are naturally charismatic and can present and communicate an issue or idea in a very convincing, compelling and emotionally
connecting way. Ensure that the people driving and coordinating the fundraising process can connect emotionally with the funders.

Fundraising is a long-term issue and you would want a funder who would give you continuous access to funds for the lifetime of your business and not just the one-off funder. This means you must have a strategy for sustaining the relationship. Usually, organizations tend to relax when the fund is coming, without putting as much effort into sustaining that relationship. Instead, learn to send consistent information and stay in touch.

COVID-19 and Fundraising: Fundraising trends we are seeing during COVID-19
   - Keru Munene, Project Leader, Open Capital Advisors

1. Use of technology to connect and even fundraise
2. Increasing funders’ focus on hygiene, health, sanitation and emergency situations.
3. Redesign and development of financial solutions. There have been several COVID-19 response investment vehicles. For Instance, the African Rising COVID-19 Solidarity Fund, where individuals and ecosystem players can provide funding to support business sustainability; Open Africa providing loans to businesses across Africa, as well as debt financing in terms of response to COVID.
4. Funders repurposing funds to support organizations that they were already supporting pre-COVID.

Breakout Session
There was a 15-minute group sharing session after which a representative from each group was assigned to give feedback on what was discussed.

Group Discussion Questions

1. What challenges have you faced with fundraising?
2. What impact has COVID-19 had on your fundraising efforts?
3. How has the impact of COVID-19 changed your fundraising strategy?
4. What practices have worked well for you?

Feedback from Group Discussion

Challenges

• Limited funding available
• Changing focus of funders to health-related programs.

Recommendations

• Organizations need to be intentional about impact measurement and management as information on impact will be needed by the funder.
• The team needs to demonstrate credibility and capacity.
• Align programs and activities to what the funders are focused on. For instance, as a result of COVID-19, funders seem to focus more on health. SGBs might need to change their strategy to align with the focus of the funders at any given time.
• Be visible - Establish a digital presence.

Key Takeaways

• Clearly define your rationale.
• Clearly define rationale for raise and capital need.
• Build your case for support.
• Revise your fundraising strategy but don't lose momentum – stay in touch even after the funds are received.
• Use digital platforms to connect
• Deepen relationship with existing funders
• Collaborate with the local community, government and organization sector.

Q&A – Key Questions

What would be some tips for sustaining the relationship with the funders?

• Research
• Relationship at the corporate and individual level. It is important to note those who are key decision-makers and would give authorization to take your proposal to the next level.
  Interaction: Attend events in the ecosystem in which you work and join communities of people in the same sector as you.
• Manage relationship at the sea level and at the bottom level.

How would you go about setting in place the structure to maintain that consistency in relationship for the funder?

• Frequent check-ins with the funder.
• Share information that could be relevant to the funder.
• Participate in industry meetings.
• Institutionalize the relationship.