SME Training and Private Financing Overview

## Introduction

The aim of the project outlined below is to help entrepreneurs and small companies to raise capital for their ventures and projects from private capital sources.

The aim is to crowd in private financing for entrepreneurs and projects that development organizations are working with. This is in line with the aims outlined in the Addis Ababa Action Agenda on financing the Sustainable Development Goals (SDGs).

This is a highly innovative project that helps development organizations leverage their branding, expertise, and experience to multiply impact by crowding in private sector financing to complement development funding.

There are three key deliverables:

* The first deliverable is a detailed investor landscape report identifying the most relevant investors available for financing in a given country (or set of countries).
* The second deliverable is two-fold: firstly, direct work with an entrepreneur / project leader to help him or her put together a ‘pitch deck’ based on a pre-built template. Secondly, reachout to three potential investors on the list identified as part of deliverable one. Feedback from the potential investors will be distilled into a document.
* The third deliverable is providing the feedback collected as part of the previous deliverable, and identifying, hiring, and training an expert broker on the ground to work with the entrepreneur to continue the fundraising.

At the conclusion of the assignment, a ‘lessons learned’ report will be put together, with suggestions for next steps.

## Expected Deliverables

**Deliverable 1: Investor Landscape Report**

In order to have a clear idea of assignment deliverables, entrepreneur(s) / SME(s) will be engaged directly to better understand their fundraising needs. Certain information will be required from the companies, including the sector / country of interest, amount of funding needed, etc. This information will be used to prepare a bespoke Investor Report, as follows:

* Overview of the investor landscape, targeted at a specific project / venture, relevant geography, and sector. This will rely on an existing database, which includes angel investor networks, crowdfunding platforms, impact investors, foundations, VCs, private equity firms, non-profit organizations, public / semi-public funders, among others.
* Methodology for entrepreneur / SME fundraising, including templates for business plan and financial model, as well as best practices. This information will be handed over, but it will be the responsibility of the entrepreneur to fit his or her own business to the template. Furthermore, we will identify the type of capital providers that are most relevant to the entrepreneur that is looking to raise capital.

**Deliverable 2: Funding Interest Feedback & Pitch Deck**

Deliverable 2 is meant to provide further technical assistance, and a more detailed and entrepreneur / SME-specific ‘pitch deck’ that entrepreneurs / SMEs will be able to use when fundraising. Furthermore, there will be an element of direct reachout to investors that are identified in deliverable 1. Deliverable 2 will include the following:

* Assistance with creating various necessary documents needed in the funding process, including:
  + business plan
  + cashflow statement
  + NDA
  + pitch deck
  + due diligence documentation, and more
* Based on the documents above, the entrepreneurs will be aided in putting together a pitch deck designed for presentation to investors identified in the report and incorporating feedback from the initial outreach conducted.
* Next, the entrepreneurs / SMEs will be guided through the investor outreach process with three potential funders (to start).
* Finally, an Interest Report will be created, providing an overview of the initial estimate of funding interest, including feedback from trial outreach.

**Deliverable 3: Broker Identification & Fundraising**

Based on the previous two deliverables, if the entrepreneur / SME wishes to continue his or her fundraising journey, expert broker will be identified, trained, and hired to work directly with the startup. Significant work will have been done toward identifying potential investors, creating a pitch deck, and reaching out to a subsection of potential funders in the previous two phases, and the broker will continue on this path, providing more tailored ‘on-the-ground’ support. Deliverables are as follows:

* Refining the pitch deck for the entrepreneur / SME the expert is working with, expanding on the template created in deliverable 2, and ensuring the documents above are tailor-fit to the country / sector (i.e., adding localized knowledge to the pitch deck using the expert’s unique perspective).
* Mentoring the entrepreneur / SME on fundraising strategies, negotiating tactics, etc.
* Assistance with reach-out, and feedback on pitch to investors.
* Other *ad hoc* aid in helping to close the deal.

At the end of this process, the entrepreneurs / SMEs will either have gotten investment, or will have a much better idea of what exactly they need to do to increase their investor appeal and pitch again in the future.

Following the completion of deliverable 3, the following will be conducted:

* Monitoring of quality, to ensure entrepreneurs / SMEs gain value add from the exercise.
* Conclusion report summarizing the investor reachout results, identifying what went right / wrong, and recommending next steps forward.

## Pricing

The pricing for this project, as well as the time to deliver, will vary depending on the type of engagement, as well as the number of entrepreneurs / SMEs that are piloted. Overall, however, it is anticipated that the engagement will take no longer than four months, and be priced at roughly $15,000 per entrepreneur / SME (for all three deliverables).