

Four Practical Steps to Smarter Fundraising: Insights from the WEE Africa Deal Accelerator

Securing investment is rarely straightforward, and for women founders in Africa, it often comes with an extra layer of complexity. In response, the WEE (Women's Economic Empowerment) Africa Deal Accelerator recently hosted a Founder Masterclass on fundraising, unpacking what really works when it comes to preparing, planning, and pitching for capital.

Four key lessons extracted from the session:

- **Quantify your capital needs and how it will be allocated:**
 - Start from your cash flow plan and define the milestones that unlock a higher valuation, such as first 1,000 paying customers or unit economics turning positive.
 - Size the raise around those milestones (with a small cushion) rather than raising a large lump sum at an early stage.
- **Choose the capital mix that fits your business model and stage:**
 - Match each use of funds to the right source. Use equity for growth and product build-out, short-term debt for working capital, and grants for validation or pilots.
 - Avoid plugging cash flow gaps with equity. Model the real cost of each instrument, including repayment pressure and dilution.
 - Common funding instruments include the following:
 - **Grants:** non-dilutive capital designed to support early-stage experimentation. This is commonly used to test pilots and de-risk new models
 - **Equity:** long-term capital with repayment expectations, but high return goals from investors. This is commonly used to build capabilities and scale the business
 - **Debt:** Commercial loans with fixed repayment obligations regardless of revenue. This is commonly used to extend runway or as a short-term solution to bridge costs before a larger funding round
 - **Concessional debt:** Below-market, impact-oriented lending with flexible terms. This is commonly used to fund expansion while easing pressure on early cashflows.
- **Be selective about your investors:**
 - Prioritise investors who understand your market, timeline and risk profile. Misaligned backers can create friction later.
 - Consider the importance of cultural and strategic fit. Test for fit during discussions by asking how they handle portfolio setbacks or governance involvement before signing a term sheet.
- **Manage the fundraising process like a commercial campaign:**
 - Build a focused investor pipeline, send tailored updates every week, and track conversations as you would sales leads.
 - Prepare early: set up a well-organised data room, ensure financials are investor-ready, and anticipate questions on valuation, traction and governance.