Tips for efficient fundraising

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DO YOUR HOMEWORK (1/2)

- **Keep regular/frequent communication with the investors community**
  - Participate in conferences/workshops/annual meetings
  - Organize conf call/visits at least two/three times a year
  - Send annual reports, and interim reports (if any)
  - Know/Find out what certain investors are offering

- **Investors have specific requirements**
  - **Amount** (some investors do not invest below certain threshold)
  - **Financial ratios** (some investors have certain NPL/PAR or break-even requirements prior to investment)
  - **EU Code of Good Conduct Implementation** (EaSI Products)
  - **Technical Assistance** (some investors who do not invest unless you undertake specific TA)
DO YOUR HOMEWORK (2/2)

- **Any time issues?**
  - *Do not leave the request for the last minute*
  - *Be aware the entire investment process takes time, even if this is a renewal/follow-on transaction*

- **AML/KYC Requirements**
  - *Have a policy already in place or at least under development*

- **Any other ideas? From your own experience...**
KNOW YOUR ROLES

- **Board Roles**
  - Looking for new equity investor
  - Opening doors for lenders
  - Formal approval of the investment decision
  - Supervising the realization/implementation of the investment

- **Management Role**
  - Preparing all documentation for due diligence
  - Day-to-day communication with the investor
  - Negotiating the investment agreement (*pay attention to each and every clause!*)
  - In charge with reporting

- **Speak the same language**
  - Pass the same message to the market/investors community/clients
DUTIES AND OBLIGATIONS PRE/AFTER THE CLOSURE/SIGNATURE (1/2)

- **Prepare and provide all info/data requirements for the DD process**
  - Financial info
  - Policies and procedures
  - Board minutes

- **Prepare and submit the reporting**
  - In time
  - Accurate

- **Respect the covenants in the contract (if any!)**
  - Breach of covenants = events of default → MAY trigger acceleration/default interest
  - Early warning of the investor on potential changes/breaches/delays in reporting
DUTIES AND OBLIGATIONS PRE/AFTER THE CLOSURE/SIGNATURE (2/2)

- **Prepare and provide the investor with success stories**

- **Ensure visibility of the investment** (toward clients/other investors/regulator/other partners)

- **Potential disclosure requirements** (auditors; market supervisor/regulator; other potential investors)
BUT:

We all live on the same planet....

⇒

Be open / communicate / cooperate
EaSI Technical Assistance

For more information, about:

Technical Assistance, contact: easi.ta@fs.de

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