

# Global Distributors Collective



## Fundraising in the face of COVID-19

7 July 2020

[www.globaldistributorscollective.org](http://www.globaldistributorscollective.org)

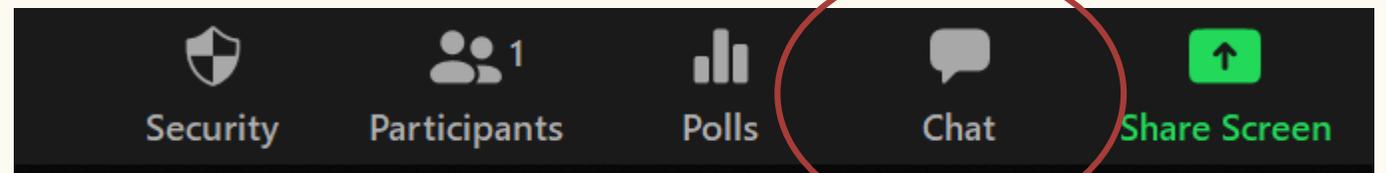
Practical  
**ACTION**

**bop**  
**inc**

**HYSTRA**  
hybrid strategies consulting



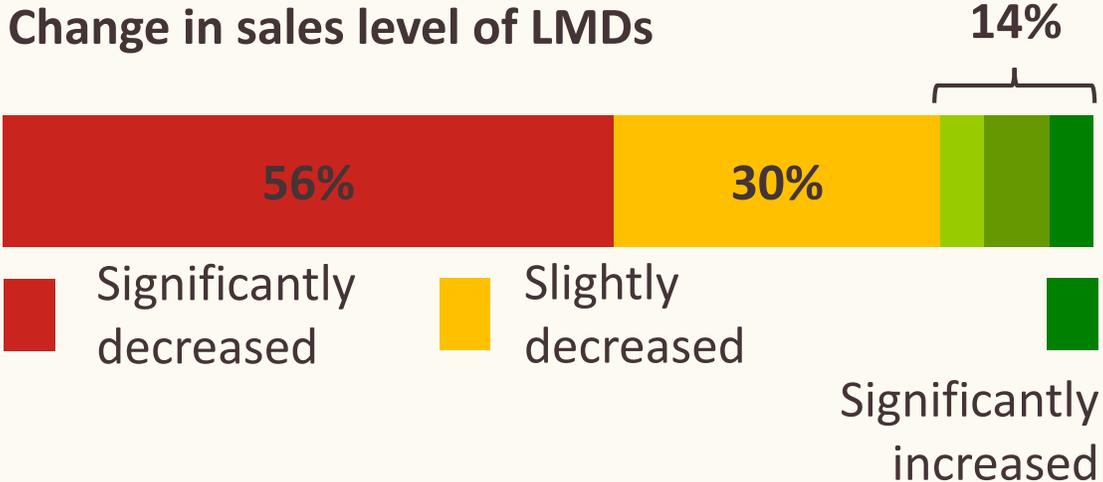
1. What kinds of funding are LMDs looking for?
2. Funding opportunities currently available
3. Discussion with panelists
4. Open Q&A
5. Next steps and close



# What kinds of funding are LMDs looking for?

With covid-19, most LMDs are experiencing significantly or slightly reduced sales volumes.

Change in sales level of LMDs



**Amount of financing asked (per LMD, \$):**

Max	4m
Average	400,000
Median	125,000
Min	15,000

**Top reasons for finance:**

Working capital	60%
Relief	37%
Expansion	23%

86% of our members are actively looking for finance. Most for grants (48%), but also debt (43%) and equity (18%).

# Who is investing in LMDs in time of covid-19?

- A range of funders remain active
- These include a handful of funds focused on **relief**, with lightened requirements for recipients and borrowers, as well as **grant funders, lenders** and **investors** continuing operations
- **38% of members have succeeded in raising funds** since the pandemic started
- The next slides provide a quick overview of funding opportunities currently available, with a focus on those that are **most relevant for GDC members**.
- A more complete list of resources will soon be available on our website.

# Who is investing in LMDs? Grants

- 86% of LMDs have raised grant funding before\*
- 25% of members have succeeded in raising grants during the covid-19 crisis

Examples of other grant funders who have supported LMDs include GIZ, EnDev, DFAT, Unilever-DFID TRANSFORM and EEP.

## Top grant funders of GDC members

Funders	Examples of investees	Funding scope
	     	Various programs (e.g. DIV, USADF, Power Africa). <b>DIV accepts rolling applications.</b>
	   	Dedicated grant facilities/accelerators e.g. Women's Empowerment Fund, Spark+, Venture Catalyst. <b>No active windows.</b>
	    	Piloting new distribution initiatives (various sectors, global). \$20k awards. <b>Biannual competition (next deadline 13 July).</b>
	  	Funding + advisory support to early-stage and growth-stage companies (agribusiness, clean energy). <b>No active windows.</b>
	   	Grants and loans (sustainable energy, circular entrepreneurship). East Africa and India. <b>Receiving applications.</b>

\* Source: GDC State of Sector report 2019

# Who is investing in LMDs? Loans

- 69% of LMDs have raised debt funding before\*, with crowdfunding platforms the most common source of debt
- 18% of members have succeeded in either restructuring or raising new debt during the crisis.

Examples of other debt funders who have supported LMDs include SunFunder, Microfinance Solidarie, Whole Planet Foundation and the Tony Elemelu Foundation

## Top debt funders of GDC members (all actively lending)

Funders	Examples of investees	Funding scope
		All sectors. Global. No min amount and up to \$500k.
		Focus on social and ecological impact. Countries incl. Senegal, Kenya, Nigeria. Min ticket €100k.
		Social enterprises in Latin America and South East Asia \$50-500k loans.
	<p>+ 2 others closing now</p>	Off-grid solar distributors. Africa. Angaza customers only. Ticket size \$100-500k.

\* Source: GDC State of Sector report 2019

# Who is investing in LMDs? Equity

- 41% of LMDs have raised equity before but only 14% have raised equity from impact investors.\*
- 2% of members have succeeded in raising convertible debt / equity during the crisis.

Examples of other equity funders who have supported LMDs include Energy Access Ventures, AHL Venture Partners and Beyond Capital Fund.

## Top equity funders of GDC members

Funders	Examples of investees	Funding scope
	   	Various sectors (e.g. clean energy, agriculture, WASH). Global. Patient capital (debt or equity). \$250k-\$3m.
	   	Energy access, clean cooking. Global. Ticket size \$150-500k. Equity and convertible loans.
	  	Household energy, clean cooking. Sub-Saharan Africa. €100k-1m (minority stake).
	   	Off-grid solar. Sub-Saharan Africa. Invests in/advises early stage companies, taking key roles in management and fundraising.

\* Source: GDC State of Sector report 2019

# Who is investing in LMDs? Relief funding



- There are only a handful of relief funding options relevant to LMDs:
  - **Open Road Alliance** offers grants and short-term loans to social impact organisations affected by covid-19 / other emergencies (global). Focus on discrete solutions leading to catalytic impact. No minimum ticket size. Max grant size is \$100k, and max loan size is \$500k.
  - The **COVID-19 Energy Access Relief Fund** will offer targeted concessionary debt funding to off-grid energy companies (sub-Saharan Africa and Asia). Expected launch this month. Min ticket size \$200k.
  - The **Truss Fund** has granted loans to three GDC members, but is restricted to Alumni of the Miller Center for Social Entrepreneurship GSBI program.
- GDC is doing its best to keep on top of (and advocate for) relief funding opportunities for LMDs.

# Our panellists: how to raise funds in the face of covid-19



Caroline Toroitich  
**AECF**



Ted Levinson  
**Beneficial Returns**



Dan Murphy  
**Venture Builder**



David Wanjau  
**Deevabits**  
(GDC member,  
Kenya)



Sujatha Ramani  
**Pollinate Group**  
(GDC member,  
India and Nepal)

# Q&A on grant funding

AECF:

How has covid-19 affected the way donors assess grant proposals?

- How do donors weigh in the uncertainty relating to covid-19?

Pollinate and Deevabits:

Can you tell us about your experience raising grants during a crisis?

Why did you choose to use crowdfunding and your experience running the campaign? How did you stand out and what recommendations would you give to other members?

48% of our members are actively looking for grant funding.

--

Median ask is \$100,000  
Range: \$15k to 1m

# Q&A on debt financing

## Beneficial Returns:

How has covid-19 affected the way lenders assess loan applications?

- Can LMDs without credit history borrow for the first time during this period?
- Are loans being restructured in the face of covid-19?
- Are lenders lending to specific parts of LMD operations, eg. working capital, IT investments, growth?

## Deevabits and Pollinate:

Can you tell us about your experience restructuring and raising new debt? What are success factors to raise finance during the crisis?

43% of our members are actively looking for loans.

--

Median ask is \$125,000

Range: \$20k to 4m

## Venture Builder:

Is it possible/appropriate to raise equity during a crisis?

- What types of instruments are most relevant for LMDs in the face of covid-19? Convertible notes, quasi-equity, equity, or other?
- What factors do investors weigh up when evaluating companies in the face of covid-19 uncertainty?

18% of our members are actively looking for equity.

--

Median ask is \$450,000  
Range: \$100k to 4m

# Open Q&A

## Final question

- What's one final piece of advice you have for LMDs looking for funding right now?

# What next?



## Stay tuned for upcoming webinars:

- Business continuity planning – end July
- ‘Covid-proofing’ your salesforce – Aug

## Don't forget:

- GDC Innovation Challenge – 13 July
- Energy Access Relief Summit – 15/16 July
- Energy Access Industry Barometer – 17 July

[www.globaldistributorscollective.org/  
covid-19-resources](http://www.globaldistributorscollective.org/covid-19-resources)

# Global Distributors Collective



Thank you

[GDC@practicalaction.org.uk](mailto:GDC@practicalaction.org.uk)

[www.globaldistributorscollective.org](http://www.globaldistributorscollective.org)

Practical  
**ACTION**

**bop**  
**inc**

**HYSTRA**  
hybrid | strategies consulting

