

— PREMIUM EDITION —

ARE YOU INVESTMENT READY?

The Africa SME 10-Point Capital Readiness Checklist

— 2026 —



Build the evidence. Earn the confidence.

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Abstract

A business can be commercially promising and still be difficult to finance. The difference often lies in whether a lender or investor can verify demand, understand the cash flow, identify the owners and establish how the enterprise will manage growth. This journal develops a practical ten-point evidence framework for African small and medium enterprises preparing to approach providers of debt, supplier finance or equity.

The analysis combines institutional guidance on governance, financial reporting, credit infrastructure, trade finance and environmental and social risk with original preparation exercises. Ten checks cover legal identity, customers, financial records, cash conversion, use of capital, operations, management, governance, risk and the financing proposition. Each check links a business question to supporting documents and a corrective action. The framework applies across sectors and regions, with adaptations for the enterprise's stage, national rules and the proposed financing instrument.

A constructed financial example illustrates why accounting profit alone cannot demonstrate repayment capacity. Editable evidence registers, a financing comparison, a data-room index and a 90-day improvement plan translate the argument into an operational workbook. The assessment records the maturity of evidence rather than predicting approval. Critical integrity, legal or viability concerns cannot be cancelled by strengths elsewhere.

The central conclusion is that investment readiness is an ongoing business discipline. Reliable records, credible management and a capital request tied to productive outcomes make financing discussions more useful even when the enterprise must delay fundraising. Capital providers retain independent eligibility and appraisal requirements; better preparation cannot by itself remove infrastructure constraints, currency shortages or discrimination.

Keywords: African SME; investment readiness; cash flow; governance; due diligence; capital access.

Publication basis

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History and the African SME financing context

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Access to capital has never depended on a single document. Banks need repayment evidence and enforceable obligations; equity investors need a credible enterprise and an acceptable relationship with its owners. Informal operations, incomplete records and uncertain asset rights can make an otherwise useful business difficult to assess. These are enterprise-level constraints, but they sit within financial systems whose infrastructure and risk appetite also matter.

IFC's SME governance guidance treats governance as a progression fitted to business size and maturity, rather than a scaled-down copy of a listed company. Its credit-infrastructure work emphasises the role of credit information, secured transactions and appropriate movable-asset frameworks. The practical implication is twofold: firms should improve their evidence, while institutions must improve the systems that allow this evidence to be used. [1, 2]

Trading under the African Continental Free Trade Area began on 1 January 2021. [3] Connected markets can create new customer opportunities, but each SME still needs to establish product eligibility, delivery costs, standards and payment arrangements. A regional market story is useful only when it leads to a customer the business can actually serve.

AfDB's fifth trade-finance report, released in May 2026, estimates unmet bank-intermediated trade-finance demand at US\$74–92 billion in 2024. [4] That range describes a financing constraint, not an allocation available to any applicant. Improving readiness cannot guarantee an offer when suitable capital is scarce or the transaction falls outside a provider's mandate.



Conceptual AI-generated editorial photograph. Fictional people and enterprise; not evidence of an operating investment.

Question to carry forward: is your biggest obstacle a missing business record, a weak business assumption, or the absence of a suitable financing product?

Research method and how to use this journal

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This is a desk-researched analytical journal and practical workbook. Primary institutional sources were consulted on 7 October 2026. Their guidance informs the analysis; the ten-point structure, document exercises and decision sequence are original editorial proposals. The journal reports no field interviews, experimental results or validated credit-prediction model. Observation years and publication dates are identified where numerical evidence is used.

Begin with the financing route on page 6. Then complete checks 1–10, naming a document or observation for each claim. Use the evidence register to identify missing material and the cash-flow exercise to challenge your funding request. Finish with a short repair plan rather than an inflated confidence score.

Reader	Best starting point	What to take away
Established SME	Financial records and cash conversion	A verified request and repayment or growth case
Early-stage founder	Demand and use of capital	Pilot evidence, runway and clear milestones
Lender or investor	Evidence register and critical issues	An organised starting point for independent diligence
Adviser or development agency	R&D pilot and 90-day plan	A proportionate improvement programme

Evidence maturity

Missing means no reliable material is available. Incomplete means material exists but has a material gap or inconsistency. Current means it is dated, consistent and attributable to an owner. Independently checked means an appropriate third party has reviewed the relevant claim; it does not mean the whole enterprise has been audited or approved.

Use “not applicable” only with a written reason and a reviewer’s agreement. Replace a historical-record request with a documented alternative for a genuinely new business. Do not label future projections as actual performance. Keep commercially sensitive information out of public copies.

Word navigation: Ctrl+click an underlined contents entry to jump to a section. Blank responses are editable text, not an automated scoring system. National legal, tax and reporting requirements and financier terms must be checked for each transaction.

Choose the financing route before the pitch

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The question “Am I investment ready?” is incomplete until the enterprise identifies the financing need. A machine purchase, a short invoice cycle and an uncertain product launch create different obligations. Start with the productive purpose and the cash timetable, then ask which instrument fits.

Instrument	Potential fit	Evidence and trade-off
Term debt	An asset with reasonably predictable operating cash	Repayment capacity, security where required; fixed obligations
Leasing	Equipment with an identifiable useful life	Asset, provider eligibility, total cost and repossession terms
Receivables or supplier finance	Accepted invoices from suitable buyers	Buyer verification, disputes, assignment and recourse terms
Equity	Growth with uncertain timing and credible long-term value	Governance, dilution, investor rights and exit expectations
Grant or concessional support	Defined eligible public or innovation objective	Programme rules, reporting and restrictions on use
Customer advances or retained earnings	Orders or phased growth that can self-finance	Delivery obligation, liquidity and commercial feasibility

IFC’s Global Supply Chain Finance programme illustrates how participating structures can finance suppliers against transactions with buyers. It is not a universal application route or a guarantee that a particular African SME qualifies. Eligibility, pricing and access depend on the participating provider and transaction. [5]

Write your capital purpose in one sentence: “We need _____ in _____ currency for _____ over _____ months; the money will produce _____ and be repaid or rewarded through _____.”

If that sentence is difficult to complete, improve the business case before improving the slide deck. A smaller staged commitment may be more suitable than raising the largest amount imaginable.

Check 1 Establish legal identity and ownership

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A financier must know which enterprise will receive the money, who ultimately controls it and who may sign. Business names, registration records, bank-account details and contracts should describe the same entity. Identify owners and controlling interests, including indirect ownership, rather than relying on an informal understanding between founders.

Prepare an ownership chart, share register or equivalent record and a schedule of existing obligations. Explain pending changes and disputes. FATF’s 2023 beneficial-ownership guidance concerns transparent access to adequate, accurate and current ownership information; the required filings and customer checks remain jurisdiction-specific. [6]

An informal enterprise should map a realistic formalisation path, including its costs and tax consequences, with suitable local advice. A registration certificate alone cannot establish all permissions to operate or prove that an asset belongs to the enterprise.

Evidence area	Prepare	Verify
Identity	Registration or lawful business-status record	Names and dates match
Control	Ownership chart and beneficial-owner evidence	Indirect interests explained
Authority	Signing mandate and key licences	Authority and expiry checked

Red flag: owners cannot agree on control, essential permissions are unresolved, or records are knowingly false.

First repair: reconcile the entity, bank and ownership records; appoint an owner for unresolved filings.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Check 2 Prove the customer and the demand

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A large market is not the same as a paying customer. Show who buys, why they buy, how often they return and what alternative they would use. Separate paid orders from expressions of interest, and an accepted contract from an unenforceable expectation. An early-stage business can use verified pilot results rather than inventing a sales history.

Use invoices, delivery notes, returns and payment records to establish a consistent demand picture. Test price sensitivity and concentration: the loss of one major buyer can change the financing case. Independent customer references are useful when confidentiality and consent are handled appropriately.

Expansion across a border requires a landed-cost and payment assessment, not only a market-size slide. Product standards, rules of origin where relevant, shipping, insurance and collections can alter the apparent margin. Record what is known and what still needs checking.

Evidence area	Prepare	Verify
Traction	Paid orders and repeat-customer record	Exclude cancelled or unpaid claims
Concentration	Sales and receivables by buyer	Model a major buyer loss
Growth	Pilot or contract-backed expansion evidence	Confirm price and service costs

Red flag: projected growth depends entirely on unverified buyers or fabricated commitments.

First repair: verify a small sample of customers and reconcile orders to receipts.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Check 3 Make financial records consistent

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The enterprise should be able to explain how sales, expenses, balances and cash relate. Prepare financial statements or stage-appropriate management accounts using the applicable reporting basis. Reconcile bank, mobile-money and cash records to the ledger. Clearly distinguish personal expenditure, owner drawings, business costs and related-party transactions.

The 2025 third edition of the IFRS for SMEs Accounting Standard is effective for annual periods beginning on or after 1 January 2027, with early application permitted. Each jurisdiction determines permitted or required use. Its title is not a reason to assume that every African SME must adopt it in 2026. [7]

For an established business, assemble available comparative records and explain gaps. A provider may require an audit, review or other assurance depending on size and product. Do not describe accountant-prepared figures as audited unless the corresponding audit exists. A new enterprise should present its opening position, actual pilot spending and transparent projections.

Evidence area	Prepare	Verify
Reconciliation	Ledger to bank and other payment channels	Investigate unexplained differences
Performance	Income statement and balance sheet	Actuals separated from projections
Obligations	Tax, debt and owner-transaction schedules	Include arrears and contingent items

Red flag: competing versions of the accounts materially disagree and no one can explain why.

First repair: establish a single reconciled reporting period with an accountable preparer.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Check 4 Understand cash conversion and unit economics

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A business can report a profit while running out of cash. Inventory absorbs funds before sale; credit customers may pay long after delivery; suppliers may require payment earlier. Track this timing, customer arrears and seasonal peaks. A cash forecast should include tax, owner withdrawals, maintenance and existing debt payments.

Calculate contribution after the costs that vary with a sale. Then ask whether this contribution covers fixed operating costs at a feasible volume. Gross margin alone may exclude delivery, payment charges, commissions or returns. Define each measure consistently so that favourable labels do not conceal weak economics.

Use a short rolling cash forecast—weekly where liquidity is tight—and a longer planning model for the financing period. Stress customer delays, lower sales and higher input costs. Do not assume that refinancing or further equity will always arrive on time. Pages 18–20 show a constructed example.

Evidence area	Prepare	Verify
Unit margin	Price and complete variable cost per unit	Use the same product and period
Conversion	Inventory, receivables and payables ageing	Explain seasonality and overdue balances
Liquidity	Cash forecast including all obligations	Identify the worst cash point

Red flag: growth increases the cash deficit and the enterprise has no credible bridge to collection.

First repair: forecast the next collection cycle before committing to additional orders.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Check 5 Define the capital request and milestones

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The financing request should describe an amount, a currency, a use and a measurable result. Separate equipment, working capital, transaction fees and contingencies. Link each component to a supplier quotation, operating assumption or documented funding gap. Deduct existing resources and disclose other promised funding without treating it as cash already received.

Identify what the money changes: productive capacity, a verified order cycle, service reliability or a tested new product. State the dependencies. Buying a machine does not create a customer, and signing a customer does not secure power. A credible request explains how these pieces will come together.

For staged growth, use milestones that can be observed before the next commitment. Allow for costs incurred before revenue begins. Describe who authorises spending and what happens if a milestone is missed. The smallest workable funding package may be more defensible than an oversized ambition.

Evidence area	Prepare	Verify
Uses	Costed equipment and working-capital schedule	Avoid double counting
Sources	Cash, proposed debt, equity and support	Separate committed from expected
Milestones	Output, deadline and verification record	Link expenditure to delivery

Red flag: the request is a round number with no connection to costs or cash needs.

First repair: build a sources-and-uses table from quotations and a monthly cash forecast.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Check 6 Demonstrate operational delivery

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The enterprise must be able to deliver what the financing case promises. Assess capacity, quality, suppliers, electricity, water, storage and transport at the relevant site. An expansion that depends on a new utility connection or licence should show the responsible party, evidence of progress and a realistic alternative.

Maintain asset, supplier and process records. Verify lead times and bottlenecks rather than estimating capacity from the equipment brochure alone. Plan maintenance, spare parts and staff training. For a service or digital business, test uptime, fulfilment capacity, vendor dependence and incident recovery.

Operational evidence should fit the sector. A processor may require food-safety and traceability records; a transport operator needs route and fleet evidence; a manufacturer needs quality and reject data. Applicable standards and permissions must be confirmed locally. Technology is valuable when it improves a measured task, not simply because it is described as Industry 4.0.

Evidence area	Prepare	Verify
Capacity	Observed throughput and quality records	Compare rated and effective output
Supply	Supplier terms and alternatives	Test single-source exposure
Continuity	Maintenance and service-interruption plan	Fund recovery and spare parts

Red flag: critical delivery assumptions depend on facilities or permissions that are not secured.

First repair: inspect the weakest operational dependency and quantify its delay cost.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Check 7 Build a management team that can deliver

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Capital providers invest in an organisation's ability to make decisions, not only in a founder's determination. Explain who leads sales, finance, operations and compliance, and identify missing capabilities. One person may hold several roles in a small firm; essential checks should still be visible and proportionate.

Use verifiable experience and clear responsibilities. Avoid ornamental titles and unsupported achievements. Set decision limits, escalation rules and a substitute for critical tasks. Record which skills must be hired or outsourced after funding and include their cost in the plan.

Key-person dependence becomes material when the founder alone holds customer relationships, passwords, purchasing authority and the financial model. Begin with practical delegation: documented procedures, secure access controls and regular management reviews. Growth should strengthen the enterprise's ability to operate without constant improvisation.

Evidence area	Prepare	Verify
Capability	Roles and verifiable experience	Identify actual gaps
Continuity	Delegation and key-person plan	Essential tasks have a substitute
Growth	Hiring, training and adviser budget	Match cost to milestones

Red flag: the forecast assumes skills or staffing that are neither available nor funded.

First repair: assign one owner to each critical function and document the next capability hire.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Check 8 Establish governance and decision controls

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Governance should make authority, accountability and conflicts visible. IFC's SME guide recognises that arrangements should evolve with the business. [1] A small founder-led firm can start with documented decisions, spending limits and a regular independent challenge; it need not pretend to have a complex board structure it cannot maintain.

Separate approval from payment where practicable. Document related-party dealings and owner remuneration. Ensure that important contracts and borrowing decisions receive the required authorisation. Explain how minority owners receive information and how disputes are handled.

An equity discussion should address the proposed investor relationship before money changes hands: reporting, reserved matters, board or observer rights, future share issues and exits. These require appropriate legal review. Good governance improves the reliability of the decision process; it does not certify that management will always make the right decision.

Evidence area	Prepare	Verify
Authority	Approval limits and borrowing mandate	Confirm legal and internal authority
Integrity	Conflict and related-party register	Review material transactions
Oversight	Decision record and reporting calendar	Follow up actions and exceptions

Red flag: funds can be diverted to undisclosed related parties or owners without effective oversight.

First repair: document spending authority and review the largest related-party transactions.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Check 9 Manage risk and protect stakeholders

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A serious risk review starts with the ways the enterprise could fail to deliver, harm people or lose the right to operate. Consider customer concentration, currency, climate, power, cybersecurity, workplace safety, community impacts and applicable compliance obligations. Name an owner and a response for each material exposure.

IFC's 2012 Performance Standards provide a reference for identifying and managing environmental and social risks; the required framework depends on the financier and transaction. IFC is reviewing its Sustainability Framework, so the applicable version must be confirmed. These standards do not replace national requirements or mean that every SME faces identical obligations. [8]

Protect customer and worker data, verify backups and restrict access. The AU Data Policy Framework supports trustworthy data governance; practical enterprise controls still depend on national rules and contractual duties. [9] Insurance can address selected losses, but examine exclusions, limits and the remaining cash exposure.

Evidence area	Prepare	Verify
Exposure	Risk register and downside assumptions	Assign owners and review dates
People and environment	Site, safety and impact records	Resolve unacceptable harm
Information	Access, backup and incident procedure	Test recovery and permissions

Red flag: material safety, integrity or environmental concerns are hidden or cannot be acceptably addressed.

First repair: investigate the highest-consequence risk before polishing the financing proposal.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Check 10 Prepare a coherent financing proposition

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The final proposition should be a short, consistent explanation of the enterprise, the evidence, the financing need and the provider's proposed role. The pitch, financial model and document room must agree. Tell the reader what is actual, what is assumed and what remains uncertain. A disclosed weakness with a repair plan is more useful than a concealed contradiction.

Select providers whose mandate, ticket size, currency and product fit the enterprise. Equity investors may expect ownership and an exit route; lenders require repayment and may seek security or guarantees. The same presentation cannot resolve both sets of questions without adaptation. Review the proposed obligations before agreeing to them.

Prepare an initial non-confidential brief, then share sensitive evidence through controlled diligence. Verify the counterparty and any intermediary mandate. Payment requests, unexplained exclusivity and guaranteed-approval claims deserve scrutiny. Negotiate on the basis of affordable obligations and a workable relationship, not simply the headline funding amount.

Evidence area	Prepare	Verify
Consistency	Pitch, model and evidence cross-check	Numbers and dates agree
Fit	Provider shortlist and financing terms	Mandate matches the use
Readiness	Outstanding-issue log and response owner	State what is still unresolved

Red flag: the proposed terms rely on obligations the business cannot sustain or conceal material risks.

First repair: write a one-page proposition and ask an independent reviewer to trace every key claim.

Your evidence status: missing / incomplete / current / independently checked.

Evidence reference: _____

Priority action: _____

Owner: _____ Review date: _____

Your ten-point evidence register

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Complete this after working through all ten checks. Enter the maturity label, the strongest evidence reference and the next action. The register records preparation quality; it is not a credit rating, a certification or an estimate of approval probability. A critical issue remains visible even when most documents are strong.

Check	Status	Evidence reference	Next action
1 Legal identity and ownership	_____	_____	_____
2 Customer and demand	_____	_____	_____
3 Financial records	_____	_____	_____
4 Cash conversion and economics	_____	_____	_____
5 Capital request and milestones	_____	_____	_____
6 Operational delivery	_____	_____	_____
7 Management capability	_____	_____	_____
8 Governance and controls	_____	_____	_____
9 Risk and stakeholder protection	_____	_____	_____
10 Financing proposition	_____	_____	_____

Critical issue that prevents this request proceeding: _____. Responsible owner: _____.
 _____ Independent reviewer: _____. Review date: _____.

A missing document is sometimes easy to repair. Unproven demand, unaffordable debt or an unresolved ownership dispute requires a business or legal decision. Do not treat every gap as a formatting problem.

Choose the next decision: continue preparation / approach a suitable provider / redesign the request / defer fundraising. Explain why: _____.

From sales to cash

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This fictional exercise uses simplified timing assumptions: inventory is held for 30 days, customers pay after 45 days and suppliers are paid after 20 days. The cash-conversion cycle is $30 + 45 - 20 = 55$ days. Actual measures require consistent turnover, balance and period definitions. Seasonal businesses should examine monthly peaks rather than relying on one annual average.

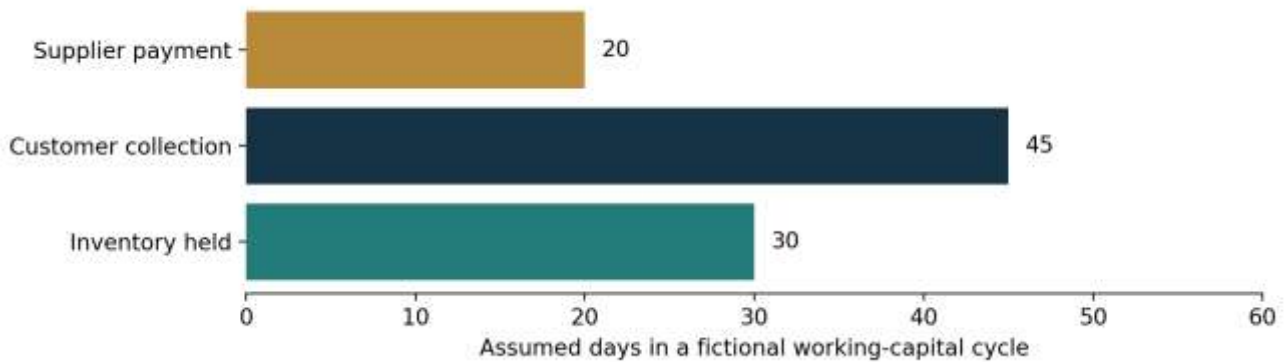


Figure 1. Constructed working-capital timing. All values are hypothetical, not African market averages.

If illustrative daily operating cash outflow is 2,000 local-currency units, a rough timing estimate gives $55 \times 2,000 = 110,000$ units tied up. This is a planning approximation, not a balance-sheet calculation: receivables and inventory use different value bases, some costs are fixed, and tax, deposits and cash buffers may add needs. Verify the estimate against an actual cash forecast.

If customer payment extends by 15 days, the same rough estimate adds 30,000 units. Faster sales can therefore create pressure even when margins are positive. Ask whether a buyer advance, improved collections, inventory discipline or suitable receivables finance can reduce the gap without harming service.

Your working-capital exercise

Inventory days: _____. Collection days: _____. Supplier-payment days: _____. Simplified cycle: _____. Peak month and reason: _____. Cash estimate checked against forecast: _____.

The debt request should include the worst cash point and explain what happens if customers pay late. Do not assume that an overdue invoice is cash already available.

The profit to cash bridge

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Consider a fictional food-processing SME. All annual amounts below are local-currency units; all assumptions are constructed. Revenue is 1,200,000, variable operating cost is 60% of revenue, and fixed cash operating cost is 300,000. The resulting operating cash contribution before tax, working capital and maintenance is 180,000.

Bridge item	Amount	Treatment
Revenue	1,200,000	Assumed annual sales
Variable cash costs	(720,000)	60% of revenue
Fixed cash operating costs	(300,000)	Assumed constant
Operating cash contribution	180,000	Not net income or free cash flow
Cash tax allowance	(30,000)	Simplified fixed assumption
Working-capital increase	(20,000)	Additional cash absorbed
Maintenance capital spending	(40,000)	Cash needed to sustain assets
Cash available for debt service	90,000	$180,000 - 30,000 - 20,000 - 40,000$
Annual principal and interest	(60,000)	Assumed debt service
Cash after debt service	30,000	Before owner distributions or new growth spending

Debt-service coverage is $90,000 \div 60,000 = 1.50$ times. A provider must assess its own covenant definitions and thresholds. The model assumes no timing differences within the year and is not a full loan-amortisation or tax model. It cannot establish an equity valuation.

Before financing growth, add the investment cost, ramp-up, opening cash, existing debts and any owner distributions. Avoid counting cash needed for maintenance as money freely available for expansion.

Stress the request before the financier does

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Keep the fictional firm's variable-cost ratio at 60% and hold fixed cash operating costs and the three allowances constant for a simple sensitivity test. If revenue falls 10% to 1,080,000, cash available for debt service becomes $432,000 - 300,000 - 30,000 - 20,000 - 40,000 = 42,000$. Coverage is 0.70 times. A 20% revenue fall leaves only $384,000 - 300,000 - 90,000 = -6,000$ before debt service, a cash deficit.

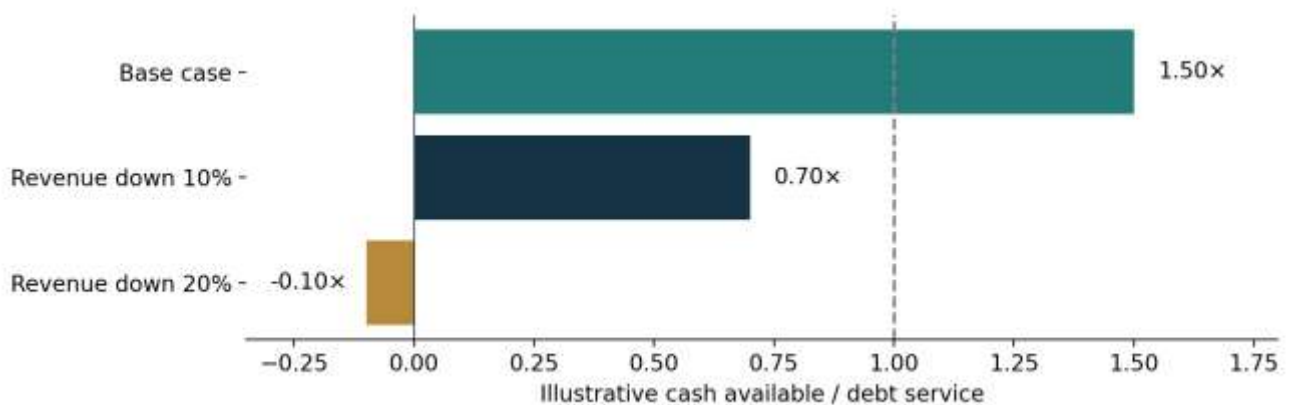


Figure 2. Constructed sensitivities. A negative ratio indicates cash deficit before debt service; the dashed 1.0 line denotes full payment coverage, not a universal approval threshold.

The tax and working-capital allowances are deliberately fixed to isolate the sales effect; actual taxes and working capital would change. A real model needs their cash timing and response. These scenarios are not probability forecasts. A base case of 1.50 is not a finding that the firm can safely borrow.

If an illustrative planning hurdle is 1.20, required revenue is $(72,000 + 300,000 + 30,000 + 20,000 + 40,000) \div 0.40 = 1,155,000$. At a price of 100 per unit, that is 11,550 units, against the assumed 12,000 base units: limited headroom. The hurdle is proposed only for this exercise.

Your response: reduce the debt / phase the investment / improve contracted demand / change the cost structure / defer. Evidence supporting that choice: _____.

Match the use and the repayment timetable

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Financing should follow what the business needs to achieve and when cash is expected to arrive. This illustrative funding plan separates a productive asset from working capital; it is not a financing offer or a prescription for every business.

Use	Illustrative amount	Source to investigate	Key condition
Equipment	150,000	Lease, term debt or equity	Useful life, delivery and affordability
Order-cycle working capital	60,000	Revolving facility or suitable invoice finance	Verified cash cycle and buyer
Setup and fees	15,000	Available owner funds or agreed capital	Cash on hand and full costs
Contingency	25,000	Committed resources	Draw conditions and buffer
Total	250,000	Sources must total 250,000	No double-counted commitments

The enterprise should model each source's timing and obligations. A grant subject to approval is not a committed source; a receivable that cannot be assigned may not support invoice finance. A provider's stated maximum ticket does not establish how much this business can afford.

IFC notes that movable assets such as inventory, receivables and equipment can support financing where suitable legal and institutional frameworks exist. [2] The enterprise still needs to establish ownership, existing security, enforceability and the provider's product rules. A spreadsheet asset value alone cannot create acceptable collateral.

Currency matters. Borrowing in a different currency from operating receipts can increase debt costs if exchange rates move. Build a realistic stress and assess the price and availability of risk management. Do not label future exports as a natural hedge until amounts and timing are credible.

Your funding mismatch to resolve: _____. Smaller feasible first phase: _____.

Read the term sheet as an operating commitment

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A term sheet converts the fundraising discussion into proposed obligations. Depending on the document and jurisdiction, some provisions may be binding even before the main agreement. Obtain suitable review rather than assuming that the phrase “term sheet” makes the whole document non-binding.

Debt or leasing question	Equity question
What are interest, fees, total cash payments and maturity?	What are the valuation, ownership percentage and dilution?
What security or guarantees are requested?	What voting, board and reserved-matter rights are proposed?
What covenants, reporting and default triggers apply?	What preferences, future funding and exit terms apply?
What happens if payments are delayed or covenants missed?	How are conflicts, transfers and minority rights handled?
Which currency and repayment timetable apply?	How is the growth plan funded after this round?

For a simplified equity example, an investment of 200,000 at an agreed pre-money valuation of 800,000 produces a post-money valuation of 1,000,000 and a 20% new-investor holding. This assumes no options, convertibles or other simultaneous changes. The remaining 80% is shared by existing holders. Price alone does not settle economic rights or control.

Model the downside consequences: delayed sales, additional funding and an exit below expectations. Disclose existing obligations and obtain the required approvals. If the contract cannot be reconciled with the business's realistic operating plan, renegotiate or pause rather than treating signing as the objective.

Three terms I must understand before signing: 1 _____; 2 _____; 3 _____. Reviewer and unresolved question: _____.

Build a controlled evidence room

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A useful data room lets an authorised reviewer trace claims without repeatedly asking for the same records. Every file should have an owner, a date, a version and a short description. Keep an index of missing items rather than filling folders with unrelated material.

Folder	Typical contents	Access consideration
01 Identity	Registration, owners, signing authority	Sensitive personal records
02 Customers	Orders, contracts, delivery and collection evidence	Consent and commercial confidentiality
03 Financials	Statements, reconciliations, tax and debt schedules	Restricted financial access
04 Operations	Asset, supplier, capacity and permission records	Site and contract confidentiality
05 People and governance	Roles, approvals and material decision records	Worker and owner privacy
06 Risks	Safety, environmental, cyber and continuity evidence	Appropriate confidential handling
07 Capital request	Model, uses, terms and milestone plan	Controlled transaction versions

Separate the initial public or non-confidential brief from restricted diligence. Verify the recipient, use proportionate access controls and log disclosures. Redaction should remove unnecessary sensitive details while preserving the evidence's meaning. An NDA is useful only within an appropriate disclosure and security process.

Keep backups and test access. A cloud folder with every file editable by every visitor is not a governance system. Describe unresolved discrepancies in the index. Final approvals and contracts should remain distinguishable from drafts.

Data-room custodian: _____. Latest index date: _____. Access reviewers: _____. Unresolved file: _____.

A pitch that can survive verification

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An effective pitch introduces a clear business case and makes it easy to test. Its purpose is to earn an appropriate next conversation, not to force an immediate commitment. Build the narrative around evidence you can explain without the slides.



Editorial cartoon: tangible business foundations deserve more attention than an attractive balloon. AI-generated conceptual illustration; all characters are fictional.

Pitch sequence	One question to answer
Business and customer	Who pays for what problem to be solved?
Traction and economics	What actual evidence supports demand and margin?
Delivery and people	Can the enterprise fulfil the promised growth?
Request and milestones	What precisely will the money achieve?
Risks and provider fit	What could go wrong and why is this route suitable?

One-minute draft: “We serve _____ by providing _____. Our verified evidence is _____. We seek _____ for _____, with milestone _____. The main risk is _____ and our response is _____. We are seeking a _____ provider because _____.”

An investor’s difficult question is useful when it identifies a missing link. Record it, verify the answer and update the model. Never replace missing evidence with a more emphatic adjective.

Research and development for readiness

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Treat business improvement as a testable programme. A digital tool, training course or preparation service should improve an observable result. Begin with a small trial and identify how the result will be measured before implementation. This section proposes an R&D method; it does not report research already conducted.



Figure 3. Original evidence-to-finance preparation loop. Photographic crops are conceptual. Financing decisions remain with independent providers.

For a bookkeeping intervention, compare unreconciled transactions, time to close accounts and forecast accuracy before and after adoption. Record training and maintenance costs. An improvement in reporting speed does not prove that a lender will approve the business or that the intervention caused all observed changes.

For a collections pilot, define eligible invoices, customer groups, follow-up procedures and a comparison where feasible. Track payment delays, disputes and customer retention. Avoid tactics that improve cash at the expense of lawful treatment or the customer relationship. Explain seasonality and other changes that could account for the result.

For an adviser programme across multiple SMEs, obtain consent, define sample selection and protect data. Measure verified document completeness and actions completed; report financing offers and disbursements separately. Avoid selecting only success stories.

My pilot: hypothesis _____; baseline _____; intervention _____; comparison _____; cost _____; stop or scale criterion _____.

The 90-day capital preparation plan

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The timetable below is a preparation framework. It does not promise financing within 90 days. Adjust it to the enterprise's capacity and the depth of the unresolved issues. A well-supported decision to defer borrowing can be a successful outcome.

Period	Priority work	Evidence of completion
Days 1–30	Reconcile identity and ownership; verify customers; close one consistent reporting period	Evidence index, reconciliations and critical-issue list
Days 31–60	Build cash forecast; cost the capital request; test delivery constraints; repair priority risks	Reviewed model, quotations, operating checks and risk owners
Days 61–90	Reassess all ten checks; identify suitable providers; prepare and independently challenge the proposition	Decision memo, controlled data room and provider-fit shortlist

Choose three priority actions

1. Gap: _____

Action and document to produce: _____

Owner: _____ Deadline: _____

Independent check and decision affected: _____

2. Gap: _____

Action and document to produce: _____

Owner: _____ Deadline: _____

Independent check and decision affected: _____

3. Gap: _____

Action and document to produce: _____

Owner: _____ Deadline: _____

Independent check and decision affected: _____

Hold a short fortnightly review. Record what has been completed, what is blocked and whether the original request still makes sense. Do not continue preparation automatically if new evidence contradicts the demand or affordability assumptions.

At day 90, record one decision: approach a suitable provider / continue preparation / resize or redesign / defer. Reason and remaining dependency: _____.

Application across African business settings

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The framework is continent-wide in purpose and local in application. Economic zones, corridors and financial centres can improve a business's operating environment, but they do not exempt it from customer, cash-flow and governance tests. The following settings are examples for investigation, not country rankings or an inventory of available funding.

Enterprise setting	Adapt the evidence	Avoid assuming
Food and agribusiness	Seasonal cash, spoilage, traceability and land or supply arrangements	Annual average sales capture the peak funding need
Light manufacturing	Effective capacity, rejects, power and supplier lead times	Rated machine capacity is achievable output
Logistics and trade	Buyer payment, route, border and insurance costs	A corridor or treaty eliminates all delays
Digital and service SME	Repeat use, collections, security and vendor dependence	Registrations or downloads are paying customers
Resource-linked supplier	Contract concentration, safety and cycle exposure	Commodity growth guarantees supplier payments
Island or remote enterprise	Freight, climate exposure, redundancy and small-market demand	A mainland model has identical service costs

A bankable regional supplier may link its evidence to accepted purchase orders and timely collections; a young technology firm may need equity or pilot funding before debt becomes sensible. Women-owned, youth-led and underserved enterprises should receive proportionate requirements and fair assessment, without having to invent collateral or a trading history they do not possess.

Financing outcomes also depend on the provider, the economy and the legal environment. This journal places responsibility on enterprises to prepare credible evidence and on capital providers to assess it fairly. Readiness should widen useful access rather than become a decorative barrier.

Final conclusion

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Investment readiness is the ability to explain a business and support the explanation with evidence. A persuasive opportunity becomes stronger when its customers, records, operating dependencies and financing obligations can be traced. The ten checks bring these elements together without treating a complete folder as proof of a sound enterprise.

The entrepreneur's first task is to choose the capital purpose. The next is to verify that productive use and its cash timetable. Then governance, management and risk controls must support the proposed growth. A financier can judge a request more usefully when its strengths are demonstrated and its unresolved issues are visible.

There is no universal readiness percentage and no document that guarantees funding. A new firm and a mature exporter need different evidence; debt and equity create different expectations. Some businesses will benefit most from improved collections, retained earnings, a smaller first phase or a delayed financing decision. Preparation is valuable when it changes that decision, not only when it leads to an application.

For Africa Capital Access, enterprise readiness is the practical counterpart to continental ambition. Productive infrastructure and trustworthy financial systems expand what firms can achieve. Well-prepared firms help turn those conditions into durable commercial activity, paid suppliers and responsible growth. Both institutional reform and enterprise discipline are necessary.

The message to retain

Build the evidence. Earn the confidence.

Ask what you can prove today, what you need to repair next and what obligation the business can realistically sustain. When those answers become clearer, capital becomes a more useful conversation.

Your final readiness decision

The strongest verified part of my business is _____. The most important unresolved assumption is _____. My next action is _____. My financing route is _____ because _____. My next review date is _____.

Scope and limits: this is a practical analytical publication, not a peer-reviewed credit model or an exhaustive statement of country law. It does not offer funding or substitute for transaction-specific accounting, legal, environmental or financial appraisal.

Worksheet 1 The one-page capital brief

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Complete this for an initial discussion. Avoid confidential personal information in a public copy. Link each material claim to a dated evidence reference. A reviewer should be able to distinguish actual performance from proposed milestones.

Enterprise

Legal name, country, sector, stage and authorised contact

Customer

Problem, paying segment, verified traction and concentration

Economics

Actual revenue, contribution, collections and cash constraints

Delivery

Capacity, critical dependencies and management responsibilities

Request

Amount, currency, instrument, use, timeframe and other sources

Milestone

Measurable output, verification and responsible owner

Risk

Main downside, mitigation and remaining uncertainty

Next conversation

Suitable provider and precise decision requested

Worksheet 2 The preparation decision memo

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Use this after the evidence review. The memo records a decision, not an approval certificate. Obtain independent review where the unresolved issue affects legal rights, integrity, safety or financial viability.

Decision

Approach provider / continue preparation / redesign / defer

Reasons

Two or three facts supporting this choice

Critical issue

What could prevent this request proceeding?

Evidence gap

Document, test or external confirmation still required

Corrective action

Owner, budget and deadline

Verification

Who reviews completion and what counts as sufficient evidence?

Revision trigger

What change requires a new cash forecast or financing decision?

Review record

Date, participants, evidence versions and next review

References and source notes

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Analytical and illustration notes

All ten checks, worksheets, diagrams and worked cases are original preparation tools proposed by this publication. They are not described as IFC, AfDB, FATF or AU endorsed tools. Numerical scenarios are hypothetical. Generated editorial images depict fictional people and businesses and are not documentary photographs.

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