



# Preparing for Finance and Investment (PFI)

mercredi 6 avril 2022

## Overview of the PFI approach

**GFA Consulting and Urban Inclusion in partnership with United Cities and Local Governments Africa have designed and deployed the following methodology to help African SMEs meet the expectations of demanding investors and lenders when it comes to fundraising.**



### Detailed overview of the PFI diagnostic

As part of the operational and financial diagnostic, six areas are reviewed and analyzed :

- **Cash management**

In this section, PFI explores essentially the way businesses manage their working capital and their level of efficiency in this regard. Cash management systems and processes are analyzed, along with the processes aimed at identifying and incurring investment expenses.

Following the diagnostic of cash management systems PFI is in a condition to identify the best practices that are currently in place within the company and the areas that need to be improved for a more effective cash management system.

- **Operational risk management**

PFI helps identify the potential operational sources of financial loss, along with the level of regulatory compliance. In order to ensure total buy-in of SMEs when implementing solutions, there is a strong focus on feasibility and simplicity of solutions, along with ownership from management.

- **Reporting systems**

The analysis of reporting systems consists in reviewing the financial control organization within the company. Generally, this lacks in many African SMEs although financial control and reporting systems are great tools to improve decision-making processes. As such, recommendations will strongly focus on simplicity to ensure a sustainable change of mindset in the way SMEs manage their operations.

- **People management**

People are the first asset of SMEs, but it is common to notice mismanagement of this precious asset. Through the diagnostic of the organization, businesses can identify the level of skill gaps for senior management and staff. Governance is also part of the diagnostic, notably existence of a board and board efficiency.

- **Collateral**

PFI helps identify existing collateral and explore the possibility of additional collateral solutions, notably for debt funding. The PFI Program cannot act on the availability and quality of assets to be collateralized for a given company ; consequently, no recommendation can be made for this specific topic. However, the availability of assets to be collateralized is taken into account in the global score as a bonus (i.e. no negative impact on the global score if no collateral is available in the company).

- **Project's credibility**

With this topic, PFI looks to evaluate the overall credibility of the project for which the company is looking to raise funding. This encompasses a large number of areas such as the strategic vision, the overview of strategic plan assumptions, the understanding of market drivers and the business plan rationale.



1 [2](#) [3](#)

