Global Distributors Collective

What it takes to reach financial close

Practical lessons for last mile distributors (LMDs) raising debt



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Debt readiness checklist

Executive summary

Securing debt financing as a last mile distributor (LMD) in Sub-Saharan Africa requires more than a compelling vision. It demands good habits and hands-on, responsive management.

The Global Distributors Collective (GDC) supported 15 energy-focused LMDs through the Investment Catalyst Facility (ICF) in 2026, helping them raise debt finance. Across the cohort, one pattern was consistent: companies best positioned to unlock debt capital had moved from ad-hoc, intuition-led execution to **disciplined financial and operational management underpinned by data.**

This publication offers a practical roadmap for LMDs transitioning from merely being fundraising-ready to genuinely investable. Drawing on critical learnings from the experience of the first cohort of 15 participating LMDs, it shares six key areas LMDs can work on in preparation for a successful debt fundraising process.



Introduction

Raising debt can feel like an uphill battle for LMDs already doing the hard work of delivering beneficial products to underserved customers.

LMDs often face persistent financing gaps driven by a mismatch between lender requirements and operational realities. Closing this persistent funding gap for LMDs requires tackling barriers from both the lender and borrower perspectives.

To address some of these barriers, GDC with support from Energising Development (EnDev) (financed by Germany, Switzerland, Norway and The Netherlands) and UK government, via the Transforming Energy Access platform, launched the Investment Catalyst Facility (ICF) in early 2026. The ICF supported 15 LMDs to prepare to raise debt from various lenders. The ICF also worked closely with a pool of investment partners including Charm Impact, Green Genset Facility (GGF), and Superpower Africa Fund (SAF) to support loan origination and de-risk investments.



ICF aims to address some of the barriers LMDs and lenders face in making small-ticket debt transactions happen

Borrower challenges

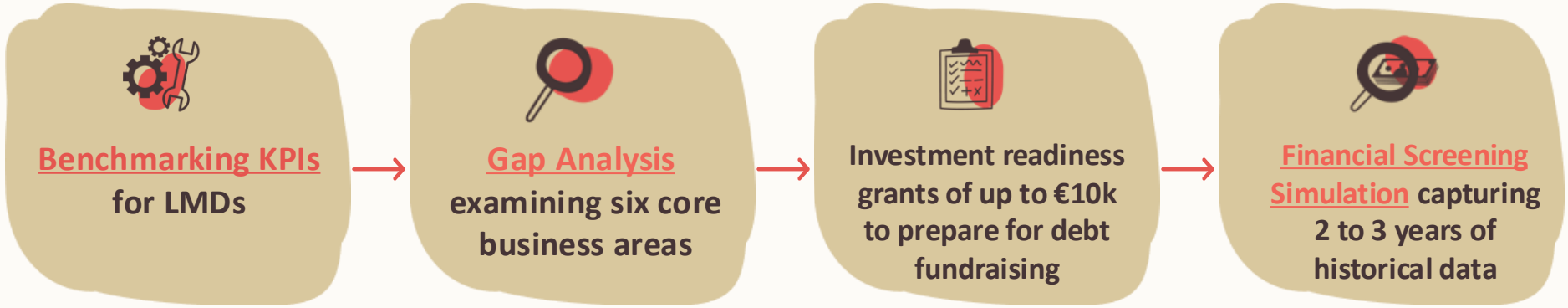
1. Lack of investors providing **small ticket** loans.
2. **Currency risk** due to a mismatch between revenue and repayment currencies.
3. Long and inefficient fundraising processes with a **lack of harmonisation** across investors.
4. **Collateral requirements** can be hard to meet.
5. Lack of **access to equity** impairs debt-raising. Also, there are a lack of LMDs offering “equity-like returns”.
6. Few opportunities to access investment-readiness focused TA.

Investor challenges

1. **Transaction costs** are too high relative to ticket size.
2. **Hedging** instruments to offset currency risk are too expensive and / or unavailable for smaller ticket loans.
3. Lack of borrower **audited accounts** and/or up-to-date **management accounts**.
4. Borrower **systems** (e.g. after-sales, credit management) are not sufficiently robust to scale sustainably with the capital injected.
5. **Insufficient data** to assess borrowers and the quality of their receivables. Lack of **unit economics** data and analysis.
6. Lending to some borrowers may result in **over indebtedness**.
7. Investors **cannot lend** in some countries due to capital controls, currency volatility and/or third-party restrictions.

ICF is a multi-phased programme designed to guide LMDs through a typical debt due diligence preparation process, while reducing transactions costs and risk for investors

The GDC selected 15 LMDs from 65 applicants and guided participants through each phase:



Once this process was complete, GDC introduced debt-ready LMDs to relevant investment partners. LMDs that successfully raised debt received an additional small grant of up to €15k, which acted as an equity-like capital injection that could be spent on one-off capital expenditure (capex) purchases, such as vehicles, or inventory.

15
Companies

8
Countries represented (DRC, Kenya, Liberia, Madagascar, Malawi, Nigeria, Zambia, Zimbabwe)

9
Companies raising debt for the first time

4
Companies had successfully raised debt by September 2026

Lesson 1: Up-to-date digitalised financials are essential

Clear, accurate financial records are foundational to tracking performance, proving debt servicing capacity, and securing debt financing.

Prior to entering due diligence, debt investors will conduct a financial screening that assesses two to three years of historical financials. The financial screening looks at three key financial statements, which are prerequisites to raising debt:

Statement type	What does it show?	GDC recommendations
Income statement / Profit and loss statement (P&L)	Tracks income profitability over a specific period.	**Provide a granular breakdown of income to give investors a clear view.** Include sales income, then include a separate line for other income such as one-off grants, results based financing (RBF), and/or carbon revenue.
Statement of financial position / Balance sheet	Provides a snapshot of assets, liabilities, and equity at a given time.	**Ensure Assets = Liabilities + Equity.** As all assets are financed either by debt (liabilities) or equity, this statement must balance.
Statement of cash flow	Details cash inflows and outflows.	**Check that the final figure on the cash flow statement aligns with the total cash and cash equivalents in the balance sheet.** Investors will double-check both these figures with your bank statements to ensure they all align.

Lesson 1: Up-to-date digitalised financials are essential

Maintaining financial records on Excel is a common starting point for LMDs, but this approach quickly becomes unsustainable as a company scales. Adopting standardised, recognised accounting software — such as QuickBooks or Zoho Books — improves data visibility and speeds up financial screening and due diligence. These digital systems and their outputs should be reviewed weekly by management to ensure prompt and data-aligned decision making.

Remember: Auditing provides necessary credibility in the eyes of an investor, but it cannot replace accurate day-to-day record-keeping and robust internal controls. Investors expect to see monthly, up-to-date "management accounts" that capture all three financial statements, completed within one to two weeks of month-end. Keep in mind that delays in providing management accounts often signal to investors that a company's financial operations and systems are not in order.

Recommendations

- **Weekly:** Check cash position and runway (how many weeks / months of cash the company has left).
- **Monthly:** At month-end check P&L, balance sheet, and cash flow statement.
- **Quarterly:** Look at variance between budget and forecast, calculate KPIs (e.g. gross margin, operating margin, days sales outstanding), and reassess forecasts based on actuals.
- **Yearly:** Conduct full audit at end of financial year and conduct broader strategic review, including updating financial models and reassessing unit economics for different products.

You do not rise to the level of your goals. You fall to the level of your systems.



James Clear, *Atomic Habits*

Lesson 2: Calculate your customer loan portfolio metrics

LMDs offering asset financing to customers must pro-actively track and manage portfolio health.

Over 70% of GDC members offer some type of asset financing to their customers including pay-as-you-go (PAYGo), instalment-based payments, or leasing. Some GDC members have partnered with micro-finance institutions (MFIs) that can provide financing to LMD customers – this cleanly separates credit decisions from sales incentives.

For LMDs offering asset financing "in-house" and financing customers directly, they will need to consistently capture portfolio metrics in real-time, typically through a PAYGo or micro-finance software such as Angaza or REACT.

Visibility into the performance of underlying loans is a non-negotiable element of due diligence as repayment of an LMD loan is linked to customer loan repayment rates.

Investors expect to see a deep understanding of portfolio metrics and continuity of metrics over time. Some members of the ICF cohort had switched software providers without transferring or downloading portfolio data creating historical data gaps that impaired their ability to raise debt.

LMDs that adopted specialised tracking software alongside their accounting systems found it significantly easier to generate accurate aging reports, driving better day-to-day operational control and debt readiness alike.

Remember: Lending directly to customers requires granular data. Without a reliable PAYGo or microfinance software system, blind spots emerge – and swift action is critical. Follow up on missed repayments within days, not weeks.

Lesson 2: Calculate your customer loan portfolio metrics

Recommendations

LMDs offering asset financing to customers should consistently track and report portfolio indicators:

1

Portfolio size

Monitoring the total volume of loans outstanding gives the company real-time visibility into asset growth, capital deployment and portfolio scale.

Key metrics: Gross loan portfolio, number of loans and borrowers.

2

Portfolio quality

Monitoring repayments provides a warning system for operators to swiftly act on. Low repayments may signal weak credit assessment or poor collection practices.

Key metrics: Portfolio at risk (PAR) at 30, 60, and 90 days

3

Repayment performance

Monitoring actual cash collected from customers versus the amount due from customers over a given period translates into the quality of a LMD's loan books. LMDs should also formulate a write-off policy and register write-offs.

Key metrics: Cash collected vs repayments due, write-offs

As the saying goes: a sale isn't complete until the cash is collected.



Lesson 3: Track your unit economics

Unit economics are what lenders count on, not the top line numbers.

Lenders care about unit economics because it's the clearest indicator of whether a company can repay debt as they scale. Impressive revenue growth and high gross profit margins are not enough to convince lenders – these can mask losses at the unit-level. If a company is losing money with every unit sold, scaling will only accelerate the losses. Lenders want to see positive unit economics as this signals debt servicing capacity.

Investors will want to understand the profit generated from each sale and they will want to see these calculations for each product line sold. Every LMD should have at least a basic calculation of the unit economics of each item they sell. As companies scale, investors will have greater expectations on the level of detail that goes into unit economics calculations.

Many LMDs fall into the trap of measuring success based on top-line revenue or units sold, ignoring the hidden costs embedded in every sale. For LMDs offering loans to customers, this is even more urgent – it is essential to account for costs associated with financing including cost of capital, administration, loan collection, and provisioning for defaults.

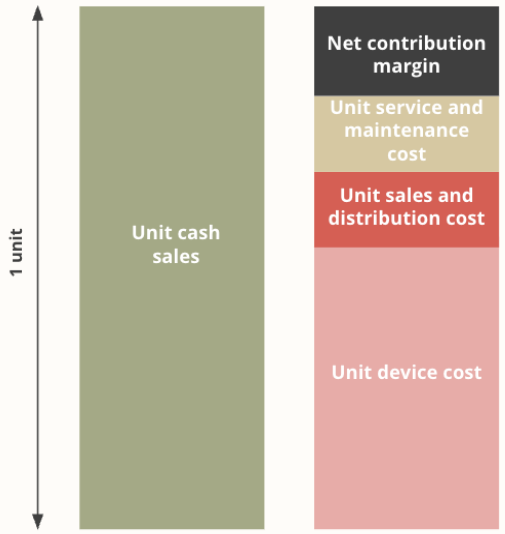
Growth doesn't fix a business that loses money on every sale.



Lesson 3: Track your unit economics

Demonstrating positive margins per unit assures lenders that expansion will drive profitability, transforming your distribution network into a self-sustaining engine.

The contribution margin measures the value left over after selling one unit. It takes the revenue per unit minus variable and semi-variable costs e.g. sales and distribution, servicing and maintenance.



The reality is that many LMDs do not have unit economics calculations for each product line sold, and companies often start building these calculations during investor due diligence. This slows the due diligence process and signals immature financial management.

A solid understanding of unit economics is a prerequisite for transitioning from intuitive-led execution to data-driven management decision making. Sales teams should also understand which products are most profitable. It is important to revise unit economics calculations annually, in alignment with financial reporting.

Recommendations

- Calculate unit economics for each product line you sell, typically using Excel.
- Revise calculations annually.

Lesson 4: Make data-driven decisions

The best time to know your numbers is before an investor asks — the data is there to help you run the business, not just to pass due diligence.

Many LMD leadership teams have built their businesses on instinct — reading the market, trusting relationships, and reacting to what feels right in the moment. That approach can work in the early days, but it doesn't scale, and it doesn't hold up under investor scrutiny. As a company grows, decisions made on gut feel rather than evidence become harder to defend, harder to repeat, and harder to improve on.

The shift to data-centred management doesn't mean abandoning judgement. It means grounding that judgement in reliable numbers.

Digitalising financial systems, tracking loan portfolio metrics, and calculating unit economics (covered in the previous slides) aren't reporting exercises for investors; they're the inputs LMDs need to run the business well.

A leadership team that reviews its cash position weekly, tracks loan performance in real time, and knows its margins per product is simply better equipped to spot problems early and act on them, which is exactly the same discipline investors are underwriting.

Remember: Investors don't expect perfection, but they do expect to see that decisions are being made *because of* the data, not despite it. The strongest signal of debt-readiness isn't a perfect financial model prepared by a consultant — it's a management team that can point to a number and explain what they did about it.

Lesson 4: Make data-driven decisions

Recommendations

- Set a regular cadence to review data outlined in the financials, loan portfolio, and unit economics slides (e.g. portfolio quality, contribution margins) and use it to make informed decisions.
- Assign clear ownership of metrics and reporting.
- When intuition and data disagree, treat that as a signal to dig deeper.
- Don't hold strategy meetings without data!



Credit: Zonful

Lesson 5: Document and Implement Standard Operating Procedures (SOPs)

Standardised operating procedures are the backbone of a scalable, investable last mile distributor.

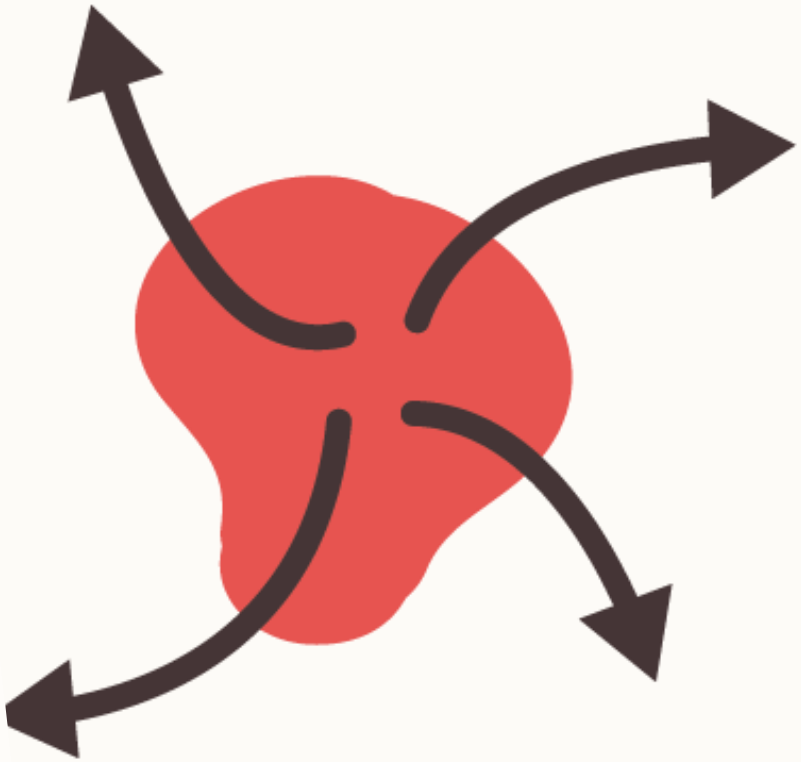
Operational consistency gives investors the confidence that LMD growth is repeatable. Core processes including product installation, sales, cash management, credit assessment, and debt collection, should be governed by written Standard Operating Procedures (SOPs). Consistent implementation of SOPs is seen as a key part of due diligence for many investors as it's a key risk-mitigation tool. It demonstrates that growth doesn't depend on the founder.

Through our work with LMDs participating in the ICF, we found some had written SOPs but failed to implement them, while others lacked procedures altogether and relied entirely on ad-hoc execution. The absence of standard procedures often leads to repeated inefficiencies and improvisation, which can impact customer service levels, cash management, and customer loan portfolio quality.

Systematically documenting, improving, and auditing your SOPs is what transforms a fragile operation into a resilient, self-sustaining one, capable of scaling across larger teams and new regions without falling apart.

Lesson 5: Document and Implement Standard Operating Procedures (SOPs)

Remember: SOPs written by AI and left unused are worse than having none at all. They only work if they reflect your actual operations and you commit to following them. Without active roll-out, ongoing team training and regular compliance checks, written SOPs remain merely theoretical.



Recommendations

- Document SOPs for core processes, in plain language your team can follow.
- Involve the team members who do the work day-to-day so procedures reflect how the business actually operates.
- Assign ownership of each SOP so someone is responsible for keeping it current and enforced.

Lesson 6: Understand the investor mindset

Whether impact-driven or commercial, every investor lends against your ability to repay.

Each process, metric and recommendation included in this report is here because it answers a specific question in an investor's risk assessment. Companies that have embedded these into business as usual, and not just prepared them ahead of a raise will be in the strongest position to enter dialogue with lenders and reach financial close.

Due diligence is how an investor builds the confidence to say yes, and entering it represents a real financial commitment on their part, which is itself a strong signal. Once in due diligence, it's important to respond to questions promptly and be transparent about weaknesses or gaps.

Most small-ticket impact investors are entering a relationship, not just a transaction. They usually expect and hope to lend to your company for years to come. Giving specific, honest answers builds trust and credibility that will sustain that relationship over time.

Recommendations

- Narrow down your financial ask, and make sure it's realistic for your revenue and capacity to service debt.
- Ensure your use of funds is aligned with investor appetite. Some investors will only finance inventory – make sure you know this ahead of time so you can align your ask.
- Only target investors whose ticket size, sector, and use of funds match your needs.
- Come to meetings prepared to answer questions on financials so you can build momentum.

Debt-Ready Check List

Before approaching commercial lenders, can you confidently tick each box?

	**Legal**	**Valid legal registration, tax compliance, and up-to-date corporate governance documents.**
	**Financial**	**At least two years of audited financial statements and up-to-date management accounts, supported by robust accounting systems.**
	**Credit**	**Transparent credit and portfolio management mechanisms including clear historical Portfolio at Risk (PAR) data and write-off policies.**
	**Capital structure**	**A breakdown of existing capital structure including outstanding debt obligations.**
	**Strategy**	**The most recent, data-driven pitch-deck and business plan with a clear, verifiable use of funds breakdown.**

Ready to fast-track your journey to investment readiness? Applications for a new ICF cohort are opening soon! Stay tuned to secure your spot.