

GETTING SMARTER ON SUBSIDY: THE ROLE OF GRANT FUNDING IN SMALLHOLDER FINANCE



EXECUTIVE SUMMARY

In smallholder finance, subsidy plays a crucial role in accelerating the development of an inclusive market.

Strategic subsidies encompass a wide array of activities designed to both develop the market's enabling environment and support individual service providers. Grant-based funding is key for market development to offset high real and perceived risks.

Currently, there are roughly 25 significant grant funders that contribute grant-based subsidy to develop the global smallholder finance market. Each of these donors is characterized by a highly individualized set of priorities that determine the specifics of their grant portfolios, impacting where, how, and to whom they provide grant funding.

Our review of these significant grant funders' strategies identified a series of six underlying agendas that drive the granting activity for smallholder market development. These agendas vary according to geographic focus and to what extent they consider the development of smallholder finance to be their "primary agenda."

Understanding that grant resources are both important and scarce, we recommend:

- **Donors can increase coordination, cross-learning, and shared initiatives.** With each funder pursuing an individual agenda, there needs to be more active conversation about what is being learned, what is still needed, and where collaborative investments can achieve more than the sum of individual actions. *Big Bang Philanthropy* is a good example of donor collaboration.

ABOUT THIS BRIEFING

24 months after the release of [Inflection Point](#) we take stock of the global ecosystem and major players working in the field of smallholder finance. Our May 2017 Briefing, "[The Fund Manager's Perspective](#)," established a framework for dedicated facilities and funds, but that is only one segment of a complex capital and philanthropic market. This briefing seeks to complement, and deepen, the perspectives put forth in [Inflection Point](#) and previous briefing notes by focusing on another aspect of the ecosystem: the use of grant funding by donors to accelerate the growth of an inclusive smallholder finance market. Our goal is to bring clarity to this area—laying out the major agendas and organizations that are driving these crucial market development efforts. Having established the landscape of grant funders, we identify a number of ways to streamline and strengthen these efforts as the market continues to develop.

- **Grants can be structured to reduce transaction costs and re-focus efforts toward long-term, strategic market building activities.** Donors need to be aware of the costs associated with administrating and managing their contributions, shifting strategies, and narrow special interests. Actively working to reduce these burdens on grant recipients, by establishing transparent long-term strategies and seeking to streamline reporting requirements, will ultimately allow donors to make more progress toward achieving their underlying agendas. *The [Mastercard Foundation's](#) initial multi-year commitment to the [Rural and Agricultural Finance Learning Lab](#) is an example of how longer*

granting cycles and strategies provide greater market clarity from donors.

- **Donors can further support market development by actively linking short-term catalytic subsidy to long-term subsidy and investment.** Grants are important to catalyze market development, but will not be sufficient to meet the long-term subsidy needs of the market. To account for this, donors need to proactively plan and facilitate grantees' access to other sources of private capital and long-term government subsidies. *USAID's [INVEST](#) mechanism is an emerging example of how to tie grant programs to sustainable capital sources.*



THE ONGOING ROLE OF SUBSIDY IN SMALLHOLDER FINANCE MARKET DEVELOPMENT

In the past five years, the smallholder finance agenda has evolved from a narrow area of interest to an extensive ecosystem of donors, investors, intermediaries, and implementers. There is currently estimated to be over USD 50 billion in smallholder finance being deployed through a range of financial institutions and value chain actors in the regions of Sub-Saharan Africa, Latin America, and South and Southeast Asia.¹

As with many nascent markets, particularly those that target bottom of the

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¹ “Inflection Point: Unlocking Growth in the Era of Farmer Finance” Initiative for Smallholder Finance and Rural & Agricultural Finance Learning Lab, April 2016

pyramid consumers, global smallholder financing has required strategic use of subsidy to offset the private sector’s high real and perceived risks. This experience mirrors the early periods of agricultural credit markets in developed countries. Our examination of the market development in Germany, South Korea and the United States highlighted the role of public entities, both as early concessional funders and providers of public goods such as research, regulatory frameworks, and other services that enhance the sector overall.² This context remains important, as even in

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² “The Role of Government in Developing Agricultural Finance: A look at the history of Germany, the US, and South Korea,” Initiative for Smallholder Finance, June 2014

developed agricultural markets today, government subsidy continues to play an integral role in facilitating finance for small and large primary producers alike.

The current challenge is to ensure that these subsidies accelerate the development of an inclusive smallholder finance market.

In the context of developing economies, which are evolving constantly and dramatically, there is the additional imperative of ensuring that small producers have access to the financial services they require as agricultural markets mature and restructure. Meeting this challenge is not simply a question of deploying high levels of subsidy, but more importantly, deploying what we refer to as “smart subsidy.”

As discussed above and documented in Inflection Point, subsidy is a key part of enabling the provision of financial services to smallholder farmers and agri-SMEs. As laid out in Figure 1 on the following page, these subsidies take many forms, but can be categorized according to two main approaches.

Pre-Competitive Market Development activities are grant-funded and benefit all or many market participants. This includes support for a variety of public-good services, such as advocacy and policy, knowledge base development, supporting progressive partnerships and priming markets for investment. These efforts are intended to create a viable marketplace and strong enabling environment, with smallholder consumers, investors, and financial service

providers that are equipped to productively engage in the market.

Advancing High-Potential Models is accomplished by supporting individual financial service providers and lenders, through grants and/or concessional capital. Grants are deployed to nurture innovative models; often in the form of operational support to offset development or scaling costs. Grant-based funding for investment-related Technical Assistance activities is intended to increase the likelihood of a given financial service provider’s success. Concessional capital is deployed to kick-start investment activities and catalyze additional investment flows.

These two different approaches are complementary, and both are required for the holistic development of the smallholder finance market.

BOX 1: SMART SUBSIDY

In Inflection Point, we introduced the concept of “smart subsidy.” We continue to advocate for the thoughtful and strategic use of donor funds and public investments, and we plan to further explore the concepts and practice of “smart subsidy” in future publications. In this briefing note, we build a view of grant funding activities, based on the theory that achieving “smart subsidy” requires a strong understanding of ongoing efforts across geographies, agendas and organizations.

FIGURE 1: SMALLHOLDER FINANCE MARKET DEVELOPMENT APPROACHES

	PRE-COMPETITIVE MARKET DEVELOPMENT (Public-Good Services)	ADVANCING HIGH-POTENTIAL MODELS (Targeted Support for Individual Orgs)	
PURPOSE	Create an enabling environment that allows smallholder finance to quickly and inclusively scale	Redefine what is possible at the impact frontier of smallholder finance	
GOALS	<ul style="list-style-type: none"> Define learnings and opportunities for the global smallholder finance agenda Marshall the resources and interest of stakeholders to act on the global agenda Improve the operating environment by strengthening all market participants—donors, investors, FSPs, consumers Catalyze sustainable, private investment flows by de-risking the market overall 	<ul style="list-style-type: none"> Identify new models likely to drive the positive, sustainable evolution of the market Provide proof-of-concept for positive innovation Scale successful models Catalyze sustainable, private investment flows by de-risking investments 	
FORM OF SUBSIDY	<ul style="list-style-type: none"> Grants to provide services supporting many or all market participants 	<ul style="list-style-type: none"> Grants to build and scale high potential organizations 	<ul style="list-style-type: none"> Concessional capital to catalyze investment in high potential models
RECEIVING ORGS	<ul style="list-style-type: none"> Global/regionally-focused intermediaries 	<ul style="list-style-type: none"> FSPs/lenders Locally-focused intermediaries 	<ul style="list-style-type: none"> FSPs/lenders
COMMON TOOLS	<ul style="list-style-type: none"> Policy and advocacy Knowledge base development Progressive partnerships and coordination Priming markets and building demand 	<ul style="list-style-type: none"> Demonstration projects Operational funding for start-up Operational funding for scaling FSP-linked TA 	<ul style="list-style-type: none"> Blended finance
SAMPLE MEASURES OF SUCCESS	<ul style="list-style-type: none"> Increase in smallholder finance friendly policies Increase in coordination of donor-funded activity Increase in number of market participants accessing knowledge-sharing products and events Increase in number/quality of collaborations Increase in pipeline strength/opportunities 	<ul style="list-style-type: none"> Increase in number of smallholders served Increase in appropriate smallholder financial products Increase in financial product profitability 	<ul style="list-style-type: none"> Increase in investment flow



WHERE DOES GRANT FUNDING FOR SMALLHOLDER FINANCE DEVELOPMENT COME FROM?

As shown in Figure 1, subsidy takes the form of both grants and concessional capital. The two forms are designed to achieve different goals and have very different structures, durations, and recipients. Here we build out a view of grant-based subsidy, understanding the two forms of subsidy are each sufficiently complex and independent so as to deserve their own investigations.

There are roughly 25 significant grant funders that currently support global smallholder finance market development.

The majority of these significant grant funders are foundations, though small numbers of bilateral and multilateral donors also contribute substantially.

Within this group, there is a high level of diversity in grant-based activities – as each donor’s grants are driven by their own individualized agenda. These individualized agendas differ widely with regards to specific geographies, financial business models, and types of funding recipients they support. These individual agendas also determine whether a donor funds “Pre-Competitive Market Development” activities, “Advancing High-Potential Model” activities, or a mix of the two. For more detailed information regarding individual donor priorities and activities, please refer to Appendix A.

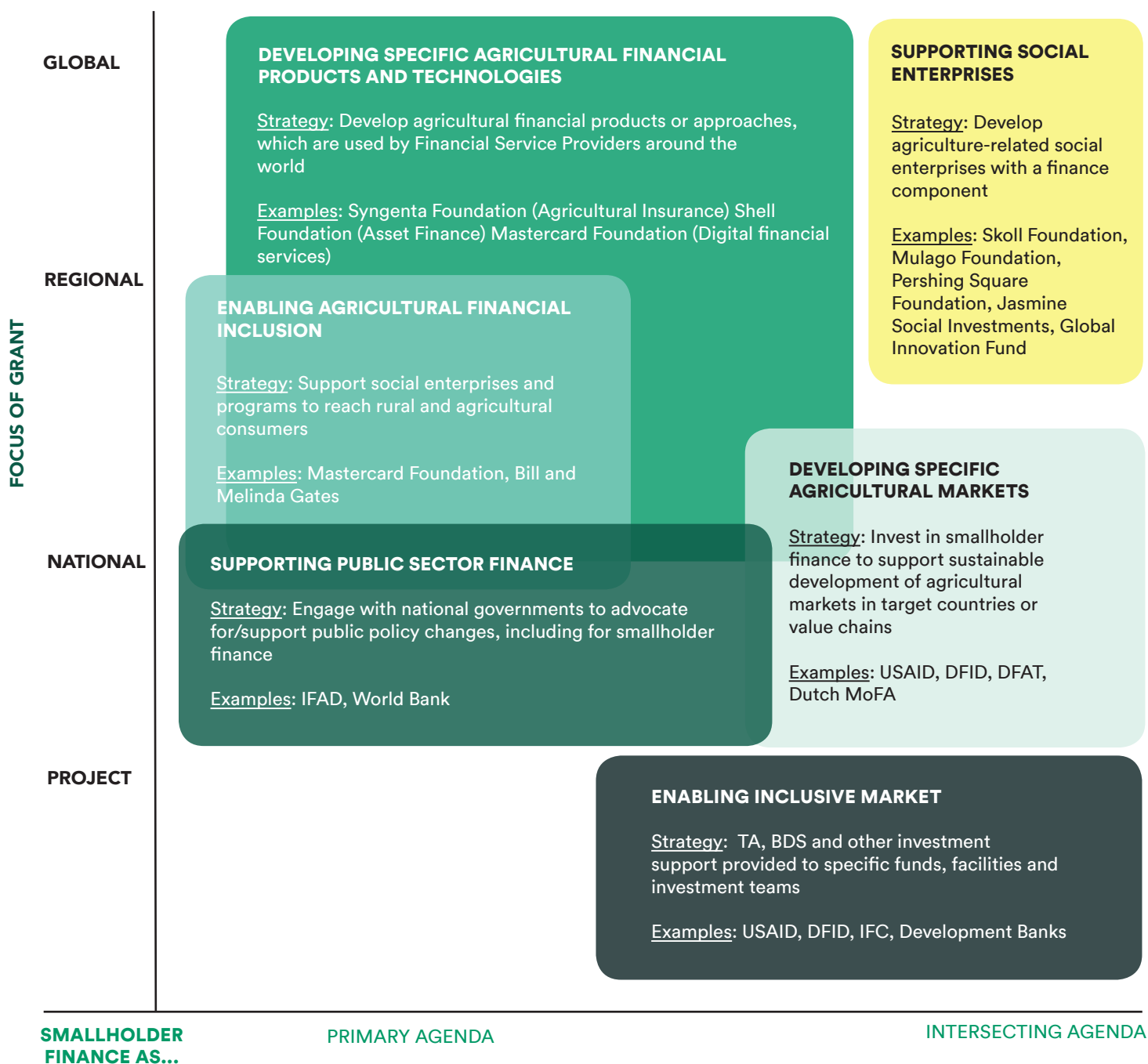


THE DIVERSE AGENDAS DRIVING SMALLHOLDER FINANCE GRANTS

While each donor is different, we identified six major types of agendas that drive the grant-based smallholder finance market development efforts. By reviewing the stated priorities and ongoing activities of the significant grant funders, we found a series of underlying agendas that determined why, when, and how donors were contributing grant funding. Figure 2 on the following page shows how these agendas relate to one another in terms of i) their geographic scope and ii) to what

extent the agenda directly targets smallholder finance. At one end of the spectrum, smallholder finance is the “primary agenda” for the donor. In other words, the development of smallholder finance, in and of itself, is the goal of the donor’s grant funding. At the other end of the spectrum, smallholder finance is an “intersecting agenda.” In these cases, smallholder finance is either a prerequisite for achieving another primary goal or represents a sub-section of a broader goal. As an intersecting agenda, smallholder finance market

FIGURE 2: SIX MAIN TYPES OF UNDERLYING AGENDAS DRIVING DONOR GRANTS TO SMALLHOLDER FINANCE



**Note: The funders shown represent a non-comprehensive list of contributors to the development of the smallholder finance market. Many donors, via agricultural and economic development initiatives across the world incorporate smallholder financing into a broader design. These are valuable contributions, but for the purpose of this note are not included in our analysis.*

development is not, in and of itself, the main goal for the donor. Within the “significant grant funder” group, the largest funders effectively pursue multiple agendas, often with different teams or offices within the organization dedicated to the different agendas.

ENABLING AGRICULTURAL FINANCIAL INCLUSION

Of all the significant grant funders, these are the most directly focused on the development of financial models, products, and markets that reach smallholder farmers. The broad nature of their mandate leads them to support a wide variety of projects and services, with grants that fund activities for “Pre-Competitive Market Development” and “Advancing High-Potential Models.”

The agricultural financial inclusion agenda has gathered notable momentum in the last five years, driven in particular by substantial commitments within the Mastercard Foundation and Gates Foundation’s portfolios. Their strategies, which focus on specific geographic locations and types of models through multi-year grants, have enabled the rapid development of a number of high-potential models and national rural finance ecosystems. Consistent with these major donors’ priorities, the majority of grants pursuing rural and agricultural financial inclusion are directed toward sub-Saharan Africa. The financial inclusion focus of the Gates Foundation is currently on 4-5 priority geographies and in four thematic areas including digital payment systems, digital financial services, global partnerships, and research and innovation. The Mastercard Foundation, which is focused on sub-Saharan Africa and has a focus on digitally-enabled financial services, has committed over USD 175M in funding and support over six years, including the incubation of the Rural Agricultural Finance

Learning Lab that is managing the foundation’s learning agenda around rural agricultural finance.

Specific complementary investments into pre-competitive research agendas and collaboration platforms such as the ISF, CGAP, the Council for Smallholder Agricultural Finance, Propagate and the IDH service delivery model agenda have been an important part of supporting the grant investments in this area, often shaping granting strategies and opportunity areas.

DEVELOPING SPECIFIC AGRICULTURAL FINANCIAL PRODUCTS AND TECHNOLOGIES

This category of grant funders is characterized by donors that have highly specific granting strategies associated with their chosen focus, such as agricultural insurance, or the development of new, technology-based business models. The narrow topical focus of the agenda is generally offset by a broad geographic scope of activity.

A small set of grant funders have narrowed in on specific types of financial products. Since 2009 the Syngenta Foundation has focused heavily on the area of agricultural insurance (in addition to extension services and seeds), incubating models in Rwanda, Kenya, and India, and more recently broadening their focus to advance the micro-insurance agenda around the world. The Shell Foundation, Ceniarth, and Small Foundation have anchored a focused effort around rural asset financing, which has led to a global study into the opportunity, as well as a broad-reaching set of concessionary investments. Within the broader Gates Foundation, Mastercard Foundation and USAID portfolios there is also a strong emerging focus on technology-enabled financial services. This has resulted in early-stage funding for many new models, particularly in Kenya, Ghana, and Tanzania. In the coming years we expect

financial services such as PayAsYouGo, longer-term finance, and digitized lending to become an increasing area of focus for particular donors.

SUPPORTING PUBLIC POLICY ON FINANCE

The World Bank and IFAD are the two “significant grant funders” that advocate for and support public policy on smallholder finance by directly engaging with national governments. While their efforts encompass a wide range of development topics, financial inclusion and smallholder finance are a large part of the work they perform.

As part of a decades-long support agenda, the World Bank works directly with national governments in developing countries to provide specific policy advice and technical assistance for the design of state-led financing facilities. Led by a small team in Washington DC, this support has led to a number of diagnostics and studies that have sought to codify best practices and learnings from work across countries. Their efforts both advance the global smallholder finance knowledge agenda and engage long-term public support for the smallholder finance agenda.

IFAD acts as both an advisor and funder, providing programmatic grants for government-led models in member states. IFAD-funded programs are designed to reduce the transaction costs and minimize the risks that other investors or lenders would face when engaging with smallholder farmers. IFAD helps prepare an ecosystem that allows other institutions and organizations to co-invest and benefit from IFAD’s experience and relationship with governments and local institutions.

DEVELOPING SPECIFIC AGRICULTURAL MARKETS

Much of the grant funding that impacts the development of smallholder finance falls under this category, which includes the majority of the bilateral “significant grant funders.” These funders engage with smallholder finance as an “intersecting agenda.” In other words, as part of a larger effort to develop agricultural markets. The individual markets of interest are selected based on a range of strategic imperatives. For example, USAID focuses by geography—choosing agricultural markets within Feed the Future countries. The Dutch Ministry of Foreign Affairs focuses on agricultural value chains with sizable trade flows to the Netherlands, which are often regional rather than national. Smallholder finance contributes to the success of these diverse efforts, and with that in mind, grants are structured to incorporate a wide range of activities according to the individual donor’s strategy.

In recent years, this agenda has been shaped by two significant trends, which are largely driven by program design within major bilateral donors such as USAID, DFID and the Dutch Ministry of Foreign Affairs (predominantly via IDH). First, smallholder finance has been increasingly recognized and incorporated into these market development programs as an integral component. Second, funding has started shifting from largely NGO-led interventions to new market development initiatives in which private-sector actors are engaged to anchor agricultural systems’ development. These two trends have led to relatively non-traditional market development programs such as the Global Coffee Platform, the Cocoa Livelihoods Program and the upcoming DFID-funded CASA program, which all have significant agricultural finance components.

SUPPORTING SOCIAL ENTERPRISES

This underlying agenda is the most tangentially related to smallholder finance from a strategic perspective, but is the source of much of the grant funding that flows to “Advancing High-Potential Models.” The “significant grant funders” in this category do not have a strategic focus on smallholder finance, but are concerned with broadly developing and scaling social enterprises around the world. As such, there is relatively lower support for “Pre-Competitive Market Development” for smallholder finance within this category of donors. However, many of the most compelling smallholder finance social enterprises relied on these donors for their start-up funding and continue to rely on these donors for grants that help refine and scale their business models.

Many of the leading social enterprises working in agricultural development incorporate smallholder finance as an integral part of their business model. This financing is generally offered specifically to allow smallholder farmers to access the social enterprise’s productivity-enhancing technologies and support services. Social enterprises such as One Acre Fund, Proximity Designs, MyAgro, and Root Capital have all been heavily supported by key grant investments from a small number of global donors, including The Skoll Foundation, The Mulago Foundation, The Pershing Square Foundation, Jasmine Social Investments, and The Global Innovation Fund.

ENABLING INCLUSIVE INVESTMENTS

Grants issued in support of this agenda are characterized by their investment-related nature. Donors that invest in projects that incorporate smallholder finance goals often include grant components to fund technical assistance activities and studies to assess and publicize the results. While each individual grant is highly focused, their cumulative outcomes advance both the “Pre-Competitive Market Development” and the “Advancing High-Potential Models” goals that these donors are pursuing.

Many bilateral donors, notably the “significant grant funders” USAID and DFID, as well as numerous development banks, provide this type of grant funding. For example, IFC routinely funds sectoral studies and provides complimentary grant funding for inclusive agricultural investments, such as their grant-based support to ECOM to develop more inclusive coffee supply chains in Latin America. Given the emerging focus on inclusive agricultural investments, as documented in the recently published ISF Briefing Note, The Fund Manager’s Perspective, and the rise of blended finance approaches to development, we expect to see this trend of grant-based support for investments to continue, including a rising number of grants issued directly to financial service providers to develop smallholder finance products and distribution channels.



GETTING THE MOST OUT OF SCARCE GRANT RESOURCES

Grant-based funding plays a crucial role in the development of the smallholder finance market, but relative to the scale of the global smallholder finance agenda, grant resources are scarce. This scarcity heightens the need for strategic and disciplined use of these funds. Looking forward, we believe the global community can get more value from these grants. To that end, we recommend the following:

Donors can increase coordination, cross-learning and shared initiatives. Awareness of the diverse ongoing donor efforts is the first step in creating more opportunities for complementary grant activities and learnings. Building a sustainable smallholder finance market will require an integrated approach to financial products, technology, policy, social enterprise and agricultural markets. With each funder pursuing an individual agenda, there needs to be more active conversation about what is being learned, what is still needed and where collaborative investments can achieve more than the sum of individual actions. Practically, this type of coordination will allow donors to more effectively leverage private capital, geographically coordinate their activities and co-develop supportive market infrastructure. An existing platform that supports these types of collaboration and can provide a model for future efforts is highlighted in Box 2 on the right hand side.

Grants can be structured to reduce transaction costs and re-focus efforts toward long-term, strategic market building activities. Many of the organizations at the forefront of the smallholder finance market rely heavily on the catalytic grants provided by the donors profiled in this briefing note. However, the highly specific interests and

BOX 2: GOLD STANDARD IN DONOR COLLABORATION: BIG BANG PHILANTHROPY

Big Bang Philanthropy is a coordination and collaboration platform that allows members with similar goals to share leads, due diligence, and knowledge. Members make their own funding decisions according to their own priorities, but must dedicate at least USD 1M per year to poverty solutions in developing countries and support a minimum of five organizations in common with other Big Bang Philanthropy members. The group actively works to connect funders with each other and the organizations they support. This approach is based on the concept that sharing information will i) help funding recipients that are best at creating change get the resources they need and ii) help funders get the most bang for their philanthropy buck. Significant grant funders that are current Big Bang Philanthropy members include Jasmine Social Investments and The Mulago Foundation.

Source: Big Bang Philanthropy Website

requirements of each donor can quickly undermine these organizations' ability to focus money and effort on the long-term market building objective. Donors need to be aware of the costs associated with high-burden compliance requirements, shifting strategies and narrow special interests.

Social enterprises, microfinance institutions, NGOs, and value chain actors often build large and expensive grant management and reporting teams that work overtime on compliance, continuity, and special interests across a fragmented annual calendar. Concretely, we believe that there are opportunities for donors to identify areas in which monitoring and evaluation can be streamlined or combined. Many grant funders contribute to the same recipients, whether those are financial service providers or intermediary organizations. In these cases, a common standard for reporting and tracking would be highly effective at reducing the compliance burden.

As donor commitments fluctuate, and specific interests shift over time, recipient organizations experience high transition costs and staff turnover, which leads to the loss of organizational knowledge and disrupts crucial professional networks across the market. Establishing a transparent, long-term strategy allows grant recipients to strategically invest their attention and resources on the ultimate goal, rather than spending large amounts of time and money in ramp-up/ramp-down periods.

Actively working to reduce these burdens on grant recipients, by establishing transparent long-term strategies and seeking to streamline reporting requirements, will ultimately allow donors to make more progress toward achieving their underlying agendas. The Mastercard Foundation's Rural and Agricultural Finance

Learning Lab provides an example of these theories put into action, as discussed in Box 3 in below.

BOX 3: LONG-TERM STRATEGY AND COMPLIANCE STREAMLINING: THE MASTERCARD FOUNDATION

The Mastercard Foundation's early strategic commitment to building and sharing knowledge on smallholder finance via Learning Partners was an innovative and impactful effort that continues to move the sector forward. The Foundation established a long-term strategy, backed by long-term grants for the Rural & Agricultural Finance (RAF) Learning Lab that allowed the initiative to develop and strengthen over time. In addition, the Mastercard Foundation has recently taken steps to streamline their M&E and reporting requirements in order to ease their grantees' compliance burden. However, the announcement of their recent strategic shift away from RAF has created uncertainty among grantees regarding what comes next for their programs in this area.

Source: Mastercard Foundation website

Donors can further support market development by actively linking short-term catalytic subsidy to long-term subsidy and investment. The organizations profiled in this research all offer grants as short-term catalytic investments. This is incredibly important in advancing a dynamic, pluralistic ecosystem of financing solutions for smallholder farmers. However, we know from the experience of developed markets that truly achieving agricultural development and primary producer finance is a long-term process that requires subsidy and investment at every stage. Even in the US there was an estimated USD 6.4

BN in government crop insurance subsidy in 2017.³ This is not to say that individual financing business models can't be profitable, but in pursuit of the goal to truly scale *and* work with producers in sub-commercial segments of the market, grant resources will quickly run out.

To account for this, donors need to be thinking proactively about how other sources of private capital and long-term government subsidies should be sequenced relative to their own contributions. The only way to ensure that catalytic grants translate into longer-term achievements is for donors to plan for and facilitate the capital transitions that their grantees will require as their businesses and the market develop.

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³ “Federal Crop Insurance Corp, Summary of Business Report, 2015-2018,” US Department of Agriculture

USAID’s INVEST Project is an example of a donor approach to linking grant and investment funding from a variety of sources in pursuit of sustainable market development.

BOX 4: LINKING GRANTS AND INVESTMENTS: USAID’S INVEST PROJECT

In 2017, USAID launched a flagship program to research, develop, and build “blended finance” solutions to development challenges, including agricultural development. INVEST will deploy USAID resources globally, including grants, guarantees, technical expertise, networks, and convening power, to enhance access to viable investment opportunities. By partnering with the blended finance platform Convergence and investment advisory firms specializing in impact investing in frontier markets, INVEST links USAID’s grants to a variety of sustainable capital sources around the world.



GETTING SMARTER ON SUBSIDY: AN ONGOING EFFORT

We are aware that this briefing note raises complex questions related to subsidy and how to optimize the role of donors over the short and long-term – effectively, the “smart subsidy” aspiration.

There remains much to be done, both in defining what “smart subsidy” really means and investigating what it looks like in practice.

Answering these questions can not be done as a thought exercise. It will require more transparency and data on the impact and financial sustainability of the public-good and business model subsidies that donors have contributed to date. From that information, we can begin to understand what the role of subsidy has been—who received it, when it was issued, how it was used, how much was needed, and

whether it contributed to the goal of long-term sustainability—and how to make it “smarter” in the future.

In following research, we intend to continue to delve into these issues, believing that transparency, innovation, and engaged conversation is the path forward toward closing the global smallholder finance gap.



ABOUT ISF

ISF is an advisory group committed to transforming rural economies by delivering investment structures and partnerships that promote financial inclusion for rural enterprises and smallholder farmers. Combining industry-leading research with hands-on technical expertise, ISF develops practical, profitable, and sustainable financial solutions. The ISF’s primary role is to act as a “design catalyst.” The emphasis is on mobilizing additional financing for rural enterprises and seeding replication of innovative models.

The authors would like to acknowledge and thank the sponsors and long-term partners of the ISF since its inception in 2013 including: the Citi Foundation, Ford Foundation, The Bill and Melinda Gates Foundation, The Mastercard Foundation, Skoll Foundation, Small Foundation, USAID, the Aspen Network of Development Entrepreneurs, Business Fights Poverty, CGAP, IDH Sustainable Trade, One Acre Fund, Root Capital, and TechnoServe.

APPENDIX: METHODOLOGY












The foundation of this Briefing Note is a donor landscaping exercise completed by ISF. We define ‘significant grant funders’ as those donors that offer consistent grant-based support for global smallholder finance market development. This includes foundations, bilateral funders, and multilateral funders. The donor list included in this landscape is not intended to be comprehensive, and there are grants made by other organizations that contribute substantially to the smallholder finance agenda, especially at a national or project level. This list of significant grant funders was compiled from a variety of sources, including grantee annual reports, smallholder finance network memberships lists, and donor publications. This content was then enhanced through desk research, interviews, and personal sector knowledge from our engagement with donors.



AUTHORSHIP

The underlying research and perspectives in this briefing note were developed in conjunction by Megan McCann, Romit Mehta, and Matt Shakhovskoy. Dan Zook (ISF) and Thomas Carroll (GDI) provided valuable advisory and editorial support, with design and publishing support provided by Malia Bachesta Eley (GDI).

APPENDIX A: FUNDERS

Organization	Geographic Activity	Topical Focus	Estimated Scale of SHF Funding	Pre-Competitive Market Dev Support	Advancing High-Potential Models Support
Mastercard Foundation	Africa	Ag finance, particularly technology-based approaches		High	High
BMGF	Asia + Africa	Rural financial inclusion; Technology-enabled finance; Ag market development		High	High
USAID	FTF Countries	Ag market development via Missions; Blended finance; Technical Assistance		High	Moderate
IFAD	Africa	Public extension and ag transformation initiatives		High	Low
Multilateral Investment Fund	Latin America	Supporting the development of rural entrepreneurship		High	Low
Mulago Foundation	Asia + Africa	Social enterprise scaling		Low	High
Syngenta Foundation	Global	Ag insurance products		Low	High
DFID	Africa	Ag market development methodology and CDC/ investing linkages		Moderate	Moderate
Dutch Ministry of Foreign Affairs	Global	Sustainability in commodities with sizable direct trade links to Netherlands		High	Low
Global Innovation Fund	Global	Scaling social enterprises		Low	High
Aga Khan	Asia	Savings groups and digital approaches		Low	High

APPENDIX A: FUNDERS (CONTINUED)

Organization	Geographic Activity	Topical Focus	Estimated Scale of SHF Funding	Pre-Competitive Market Dev Support	Advancing High-Potential Models Support
Gatsby Foundation	Africa	Ag finance for SMEs and smallholders		Moderate	Moderate
Jasmine Social Investments	Global	Scaling social enterprises		High	Low
IFC	Global	Supporting specific markets and investments		Moderate	High
Rockefeller Foundation	Global	Public extension and ag transformation initiatives		High	High
KfW	Global	Supporting specific markets and investments		High	Low
Shell Foundation	Global (heavy India focus)	Asset finance		Moderate	High
Skoll Foundation	Global	Scaling social enterprises and building knowledge through scoping and impact studies		High	High
Small Foundation	Africa	Smallholder development and finance		Moderate	Moderate
DFAT	Asia Pacific	Ag market development		High	Low
Draper Richards Kaplan	Africa	Scaling social enterprises		Low	High
WFP	Global	Ag markets for national staple crop value chains; local sourcing for food security		Moderate	Moderate
World Bank	LATAM, Africa	Scaling social enterprises		High	Low