

SMALLHOLDER FINANCE PRODUCT EXPLORER

Insights Brief #2 | May 2018



A key objective of the Smallholder Finance Product Explorer is to help funders identify financial service providers with robust financial products for smallholders, in order to better target funding into the sector. To that end, One Acre Fund and MIX will deepen coverage in certain markets, beginning with Kenya, in the coming months. Read on to learn how you can get involved.

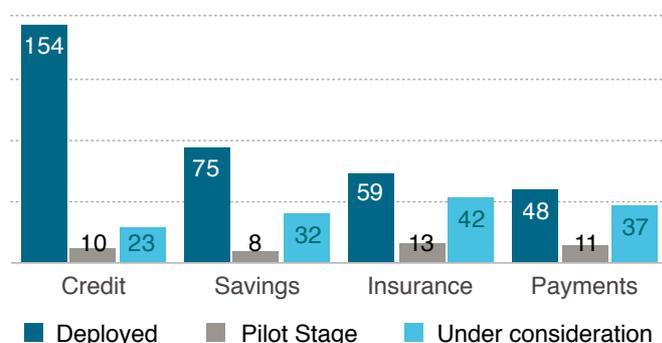
Over USD 50 billion of credit is channeled to smallholder farmers each year, provided by a diverse set of financial service providers (FSPs), including commercial banks, non-bank financial institutions (NBFIs), commodity buyers and asset financiers, among others. New entrants such as mobile network operators and fintechs offer another source of finance for smallholders, yet the estimated USD 150 billion financing gap remains. Despite a growing ecosystem of smallholder finance providers, donors and investors are facing challenges identifying FSPs with robust product offerings tailored to smallholders.

The Smallholder Finance Product Explorer, which currently features credit products from over 30 FSPs in 12 markets across Sub-Saharan Africa and Asia, aims to address this challenge and unlock funding to the sector by helping funders better understand the landscape of providers in specific markets or regions. Now, we are looking to partner with funders, investors and networks to build on the existing data and expand

coverage of products tailored to smallholder farmers, in order to support market research efforts and investment decisions.

Early data collection efforts to build and test the Product Explorer framework

[Fig 1] Number of FSPs with SHF products, by stage of development & product type



In January 2016, MIX deployed a survey to better understand if and how FSPs were either currently serving smallholder farmers, or intended to start serving this segment in the future. Of the 203 respondents who completed the survey, 87% are already serving smallholder farmers.¹ This validated our initial assumption that there is a vibrant ecosystem of FSPs in many markets around the world that are already serving farmers.

A primary goal of launching the beta Product Explorer was to begin showcasing these FSPs, thus increasing their visibility to funders looking for investment opportunities in smallholder finance. Initial analysis on data from the Product Explorer has also indicated a prevalence of credit products among FSPs who have submitted data. Our first [Insights Brief](#) reveals, for instance, few examples of agriculture-specific insurance products. The same goes for savings products; the initial data sourcing efforts for the beta launch of the Product Explorer did not reveal any standalone, agriculture-specific savings products. These are gaps that we'll be looking to fill as we focus on expanding the content available in the Product Explorer.

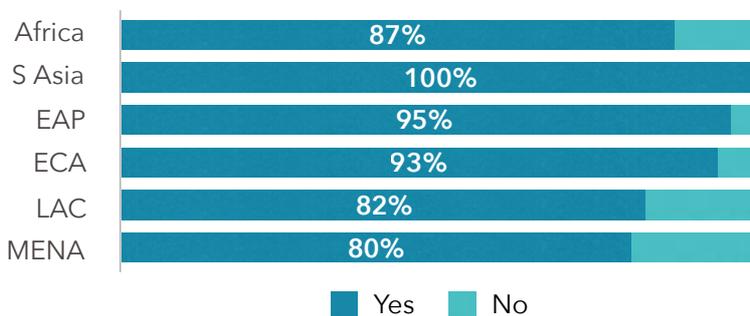
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The next step is to expand the available smallholder product information in targeted markets to deepen coverage.

In our conversations with the Smallholder Finance Working Group we convened to help develop our data framework², we heard that a key use case for the Product Explorer is to conduct competitive market analyses, such as identifying non-traditional providers of finance (eg: buyers, social lenders), or comparing pricing and cost structures of other products currently available in the market. In order to respond to this need, we will focus data collection efforts on deepening coverage in key markets.

Because collecting data can be an arduous task, we first identified an existing data source that could provide a starting point for expanding coverage of smallholder finance products. The

[Fig 2] % of respondents that count smallholders amongst current clients



¹ Number of responses received by region: Africa (45); South Asia (27); East Asia & Pacific (21); Eastern Europe & Central Asia (31); Latin America & Caribbean (67); Middle East & North Africa (11)

² For more information on the data framework design process, please refer to the [Taxonomy Document](#).

Smallholder Finance Solutions database, developed by the [Rural and Agricultural Finance Learning Lab](#) covers close to 800 smallholder finance solutions. Based on an initial analysis of the database, certain markets including Kenya, Tanzania and Ghana have high concentrations of FSPs serving smallholder farmers. As a result of further analysis, we have identified Kenya as the first market we will deepen coverage to enable users to draw actionable market insights.

First, we will process the existing data from the Smallholder Finance Solutions database, ensuring data interoperability, before integrating into the Smallholder Finance Product Explorer. From there, and with the help of funders, investors and networks, we will expand coverage of products in Kenya, targeting the top three most common types of FSPs delivering smallholder finance products. Data submission will be available online with detailed instructions and a simple form for sharing data. We will also provide workshops to help FSPs draw insights from the Smallholder Finance Product Explorer and translate them into more effective farmer-centric products.

How you can help: Making data accessible, usable and useful requires concerted efforts from key stakeholders.

As outlined by the Rural and Agricultural Finance Learning Lab in their most recent [Pulse Blog](#), engagement from stakeholders is crucial to the success of any data transparency efforts. As such, we are hoping this Insights Brief highlights a key opportunity for actors interested in closing the financing gap for smallholder farmers to get involved. To learn how you can contribute to improving the quality and availability of data on smallholder finance, please email smallholderfinance@themix.org.



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