

# GDI CASE STUDY: ISF ADVISORS

Starting with a state of the sector market sizing report, GDI convened and facilitated a range of partners to design, build, and launch a research and facilitation platform to close the smallholder farmer finance gap. After two years, the platform pivoted to become an intermediary and advisory group helping to structure rural finance investments and partnerships.

[www.isfadvisors.org](http://www.isfadvisors.org)



## THE CHALLENGE WE SET OUT TO TACKLE

ISF was born out of a state of the sector report funded by Citi Foundation and Skoll Foundation, which were interested in understanding the market size of smallholder finance. The report sought to (1) put a number on the market size and opportunity for smallholder finance, (2) identify key players in the market, (3) clearly outline practical pathways for opportunities, and (4) define a common lexicon across the market. After publishing the report, it was clear that some sort of intermediary platform would be necessary to continue this work through ongoing research. ISF emerged as a neutral research and facilitation platform that could inform market opportunities and recommend financial solutions to close the smallholder finance gap. Eventually, ISF would use its research to become an advisory group that could facilitate and implement rural financial solutions.

## GDI THROUGHOUT OUR GROWTH ENGINEERING PROCESS

GDI designed and launched ISF, pulling in the right partners and staff at the right time



**2012** ← **DISCOVER**  
ISF was born out of the Dalberg landmark report **“Catalyzing Smallholder Agriculture Finance” (2012)**, which explored the market size and opportunity for smallholder finance and identified five pathways to achieve results. Through this research, GDI and Dalberg were able to **validate that there was a market opening for investments in smallholder finance** and consequently were able to pull together the right partners in a once fragmented market.

**DESIGN**  
Building off the report’s findings, GDI worked closely with Citi Foundation, Skoll Foundation, USAID, Ford Foundation, Technoserve, and Root Capital to design a neutral research platform that would continue to inform and defragment the market. In the early stages, Dalberg conducted ongoing research, while GDI **built out the operations and legal structure for ISF**. In addition, GDI provided long-term strategic advice to identify funders who could raise capital, identify content for ongoing research, and spot opportunities for future smallholder finance transactions.

**BUILD**  
With GDI staff embedded into ISF’s team as interim COO, CEO, CFO, and communications lead, GDI helped ISF recruit new staff to fill those positions more permanently. As ISF continued to grow, **GDI collaborated with branding and strategy partners** to help characterize ISF’s transition from a research platform to an advisory group – including building a new website, designing a new logo and brand, and updating external collateral. GDI also supported ISF with its finance and compliance needs, including updating and submitting ISF’s annual grant reports, and managing budget and payroll. With this support, **ISF passed U.S. government audits** after only one year of receiving grants.

**EXIT** → **2018**  
**GDI provided significant strategic support evaluating various exit options for ISF** – including merging with similar organizations, spinning out as its own 501c3, and more. After a lengthy evaluation process, ISF decided that it was in its best interest to stay with GDI and continue to build out a team with GDI’s support. The concept of exiting GDI continues to be a discussion point for the ISF team and will be reevaluated as new opportunities arise. In the meantime, ISF continues to advise and structure new investments in smallholder finance, including building a new investment fund for SME financing called Prosper Africa.

## WHAT ISF IS TODAY

GDI made ISF's transition from a research platform to an advisory firm possible by helping ISF bring in approximately USD 6 million in flexible funding, providing strategic support, and building out ISF's core staff of 10+ experienced hires. Today, ISF is an advisory group committed to transforming rural economies by delivering partnerships and investment structures that promote financial inclusion for rural enterprises and smallholder farmers. Combining industry-leading research with hands-on technical financial expertise, ISF develops practical, profitable, and sustainable financial solutions. 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.

- **Capital advisory:** ISF works with public and private investors to develop new financial and partnership structures that can drive capital to rural clients and transform their economies. These engagements typically include a combination of partnership development and enterprise growth strategy supported by ISF's expertise in financial inclusion and investment structuring.
- **Research house:** In partnership with the Mastercard Foundation RAF Learning Lab, ISF continues to publish research to inform its role as an intermediary and advisory group. By understanding the broader ecosystem around smallholder finance and rural enterprises, ISF identifies specific roles and leverage points for stakeholders at all stages of growth and development throughout the smallholder ecosystem.

## WHAT DID WE LEARN?

We learn something from every initiative we incubate, and apply lessons from both successes and challenges to our future work:

### SUCCESSES

- **A strong steering committee is key:** With GDI's support, ISF identified and built a steering committee that had a vested interest in the success of ISF's work. The success of this steering committee was a result of an ongoing evaluation process ISF used to identify whether or not personalities would mesh within the group, which types of organizations should be included, and a willingness to shift representation as needed.
- **Good research can be an asset:** As part of its origin story, strong research became ISF's biggest asset, allowing the ISF team to position themselves as thought leaders and experts in the space. The 2012 state of the sector report gave ISF the launching pad to connect key stakeholders and build a common vocabulary in a highly fragmented market. The continuation of this research was also key, helping ISF drive knowledge in the space and inform its work as an intermediary and advisory group.
- **Communications matters:** The ISF team realized early on that in order to get their research to stick, communications would be key. As a result, GDI helped ISF build out their communications strategy, including mapping a research dissemination plan, designing ISF's brand ethos, and connecting ISF with opportunities to present insights drawing on their market expertise. This capability allowed ISF to attract funders, readers, and partners who were invested in the success of their work.

### CHALLENGES

- **Hire core staff early on:** In late 2012, after ISF's launch, funders were pouring in money but ISF didn't have the staff to deliver the work. As a result, ISF struggled to get its first few research projects across the finish line, using a majority of initial funds to outsource work to high-cost consultants. Once ISF was able to hire its first core staff member, the group's entire work stream shifted, allowing ISF to publish research in-house while also dedicating resources to build out core operations and communication needs.
- **Find flexible funding to unlock unprecedented opportunities:** In the early days, ISF's funding was connected to specific research projects, making it difficult for ISF to grow operations and implement a long-term strategy. After hiring a strong core staff, ISF was able to pitch its team and not just its work. Funders became interested in the talent and expertise ISF could offer and were willing to commit flexible funding that would allow ISF to invest in other parts of the organization beyond specific research projects.

## KEY PARTNERS AND FUNDERS

