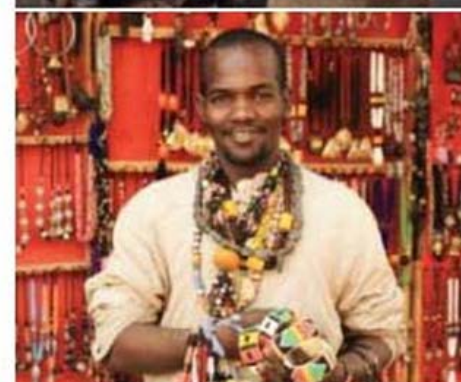




# The MasterCard Foundation Fund for Rural Prosperity

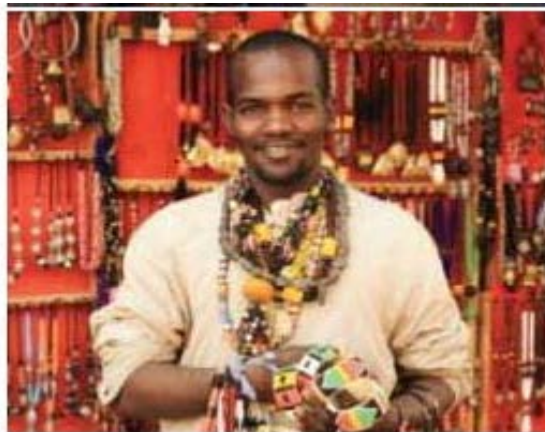
## 2017/18 Rolling Competition



# The MasterCard Foundation

- Independent, global organization based in Toronto, Canada, with over \$9 billion in assets.
- Main focus is on promoting **financial inclusion** and advance **youth learning**, mostly in Africa.

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



## Why Financial Inclusion?

Inadequate access to financial services is a key constraint to economic growth and poverty reduction.

Only a fraction of people living on less than \$2 a day are able to access financial services – either because of lack of access or knowledge.

# MasterCard Foundation Fund for Rural Prosperity

**Objective:** Reach 1 million financially excluded people in rural and agricultural areas in Sub-Saharan Africa

## Fund KPIs

- ✓ Improve livelihoods and incomes of smallholder farmers by building their capabilities to access and use financial services (**Farmer Level**)
- ✓ To enable financial services providers and agribusinesses to develop and expand access and partnerships for smallholder farmers (**Institution/Firm Level**)
- ✓ To promote systemic change in agricultural finance by attracting other influential actors and supporting innovation (**Sector Level**)

Additionally, the Fund will prioritize developing partnerships with **African-owned organizations** for funding.

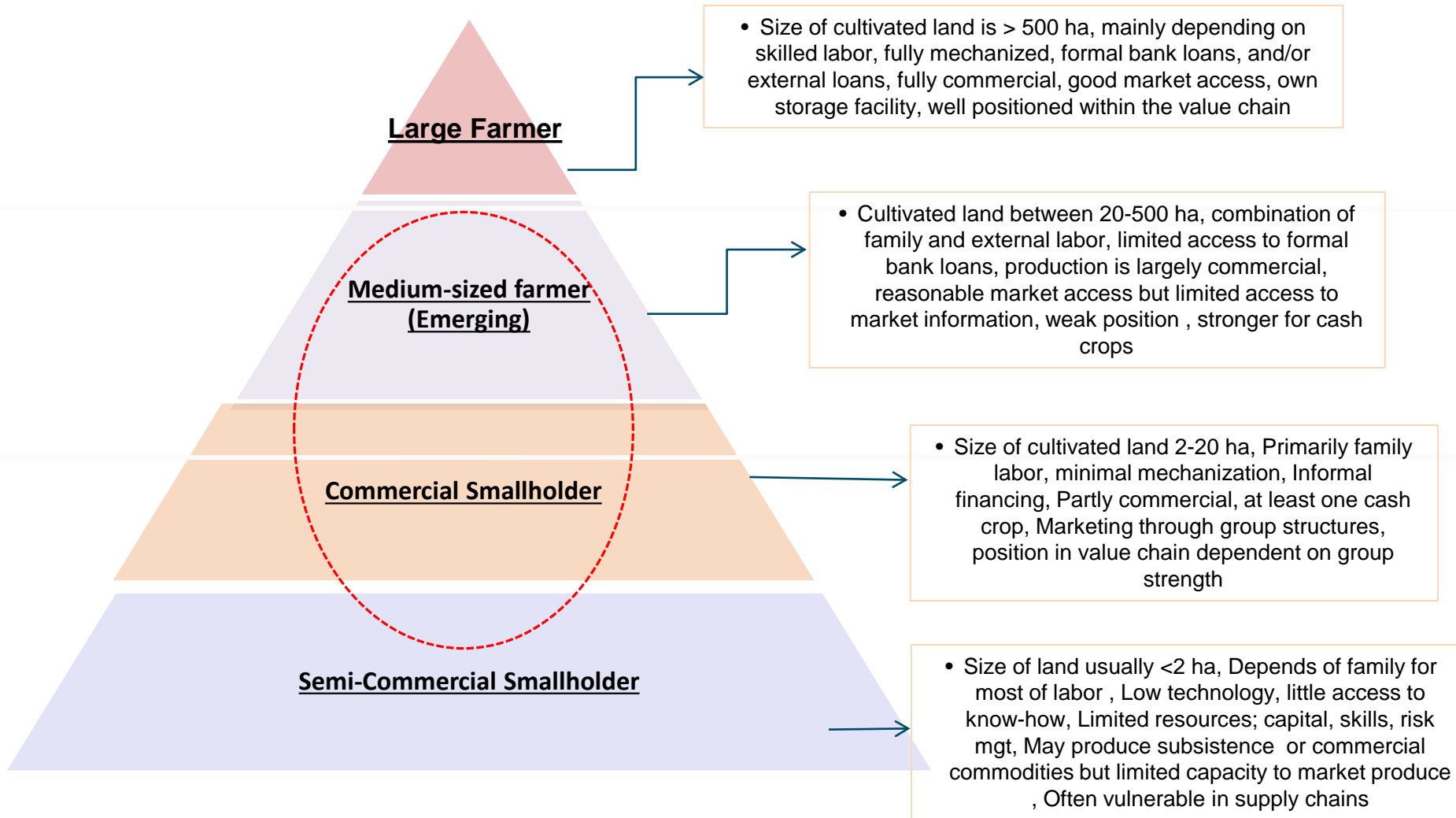
**Fund Size:** US\$50 million

**Period:** 7 years (25/08/2014 – 31/12/2021)



# The Fund's Target Market

## Key Characteristics





# Financial Inclusion for Smallholders: Some Challenges

**Smallholder  
Farmer  
financing is  
constrained  
by**

**A. Products are not available and accessible**

A1. Financiers don't have the expertise to design lending products

A2. Financiers struggle to rollout lending product

B2. Financiers don't have the right links with existing networks

**B. Borrowers are not accessible<sup>1</sup>**

B1. Farmers are not easily accessible through networks (e.g. cooperatives)

**C. Farms don't have required records/mgmt**

C1. SHFs don't have required budgeting and accounts management

C2. SHFs don't have required farm management practices

**D. Farms don't have the right economics**

D1. Farms need stronger revenues

Constraint type

Supply

Demand





# Who will the Fund work with?

| Who?                                     | What can they deliver?   |
|--|--|
| <b>Banks</b>                             | Appropriate products for agricultural and rural enterprises, funding agribusiness that works with SHFs                         |
| <b>Microfinance Institutions</b>         | Crop loans, seasonal finance, small asset finance, household financial management  |
| <b>IT &amp; Mobile Network Operators</b> | Payment platforms, technology platform for service delivery, agent networks, big data  |
| <b>Non-Bank Financial Institutions</b>   | Patient capital, mentoring and expertise, fixing gaps in value chains, insurance, leasing, other non-credit financial services |
| <b>Agribusinesses</b>                    | Value added input and buyer services, market and financial linkages, innovation for productivity enhancement / cost reduction  |
| <b>NGOs</b>                              | <b>Financial capability, information and training, linking to value chain actors; AS PARTNERS ONLY, Not Lead Applicants</b>    |

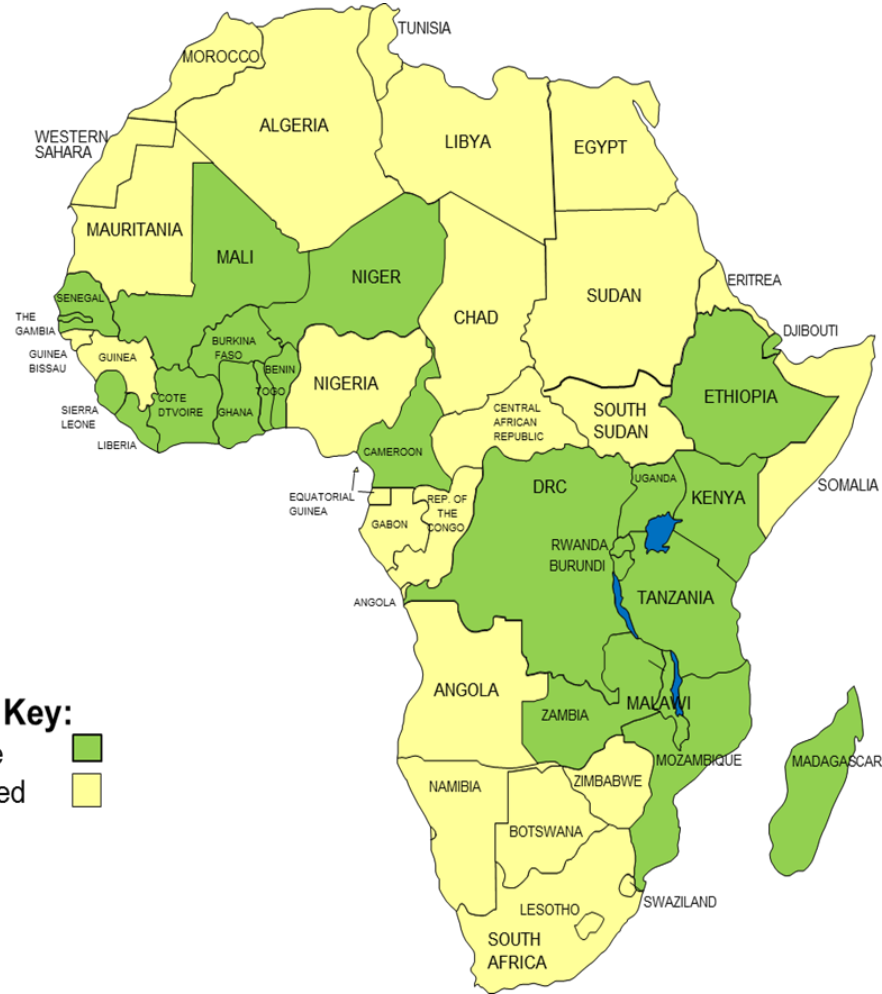
# Fund Status

## Competitions Statistics

|                               | Innovation Round 1 | Scaling Round 1 | Innovation Round 2 | Scaling Round 2 | Total       |
|-------------------------------|--------------------|-----------------|--------------------|-----------------|-------------|
| <b>Registrations</b>          | 1687               | 924             | 2189               | 983             | <b>5784</b> |
| <b>Applications Submitted</b> | 420                | 157             | 306                | 166             | <b>1049</b> |
| <b>Applications Marked</b>    | 258                | 109             | 114                | 99              | <b>580</b>  |
| <b>Concept Notes</b>          | 60                 | 26              | 30                 | 23              | <b>139</b>  |
| <b>Business Plans</b>         | 20                 | 10              | 20                 | 5               | <b>55</b>   |
| <b>Projects Funded</b>        | 9                  | 5               | 6                  | 1               | <b>21</b>   |

# Fund Geographical Spread

| Country       | Number of Projects |
|---------------|--------------------|
| Cote d'ivoire | 2                  |
| Ethiopia      | 1                  |
| Ghana         | 1                  |
| Kenya         | 6                  |
| Mozambique    | 2                  |
| Tanzania      | 5                  |
| Uganda        | 4                  |
| <b>Total</b>  | <b>21</b>          |





**Fund Size**  
**\$ 50m**

**Funds Committed**  
**\$ 23,802,913**

**Funds Available**  
**\$ 26,197,087**

**Key:**

Eligible   
Excluded 



**21** Projects approved for funding



*A new format competition has been launched with the first of four application deadlines on **August 10 2017** and the second on **5 October 2017**.*

## **What are the key features of the 2017/2018 Competitions?**

- The competition will be open throughout the year with periodic harvests and reviews of received applications at set dates.
- The application process is fully automated.
- Applicants will no longer classify their business ideas along the concepts of Innovation or Scaling. However, these concepts will not be entirely dropped but rather, the evaluation and selection criteria will determine under which concept the winning applications will be classified.
- Unsuccessful applicants will have the opportunity to refine and resubmit their applications in subsequent competitions.

## Eligibility Criteria (Yes/No)

- Registered for-profit entity
- Projects must demonstrate potential to increase the provision of financial services to the financially excluded rural poor in the selected countries
- Must be within geographic scope
- For a project within the institution

## Selection Criteria

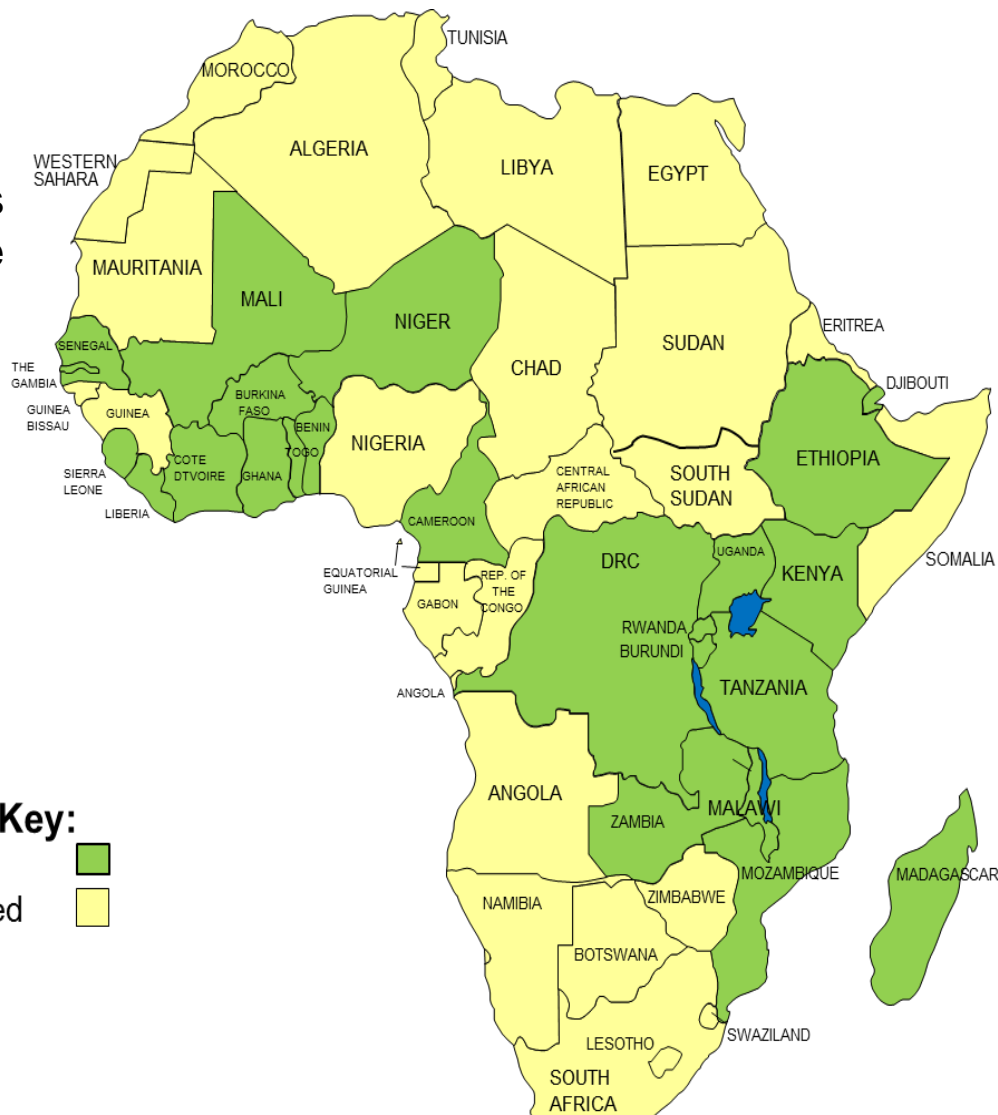
- Capacity to Implement – **20%**
- Degree of Innovation – **25%**
- Commercial Viability – **20%**
- Development Impact – **25%**
- Capacity Development of Users – **10%**

## Matching Fund Requirement

- 30% cash or in-kind

## Funding Limits

- Minimum US\$ 250,000
- Maximum US\$ 2,500,000





Fund for Rural Prosperity™

# FRP Funds – Matching Funds and Uses



The Fund Manager for Mastercard Foundation Fund for Rural Prosperity is KPMG International Development Advisory Services

# Definition of Matching Funds

- Participants are expected to co-invest in the project in order to ensure risks are shared and incentives are aligned. Matching funds therefore refer to the participant's contribution to costs of implementing the project.
  - **Cash or Cash Equivalent**
    - Cash/equity investment by lead company or implementing partners;
    - Facilities provided by other institutions (e.g. equity investments, bank loans, grant funding etc.);
    - Guarantee facilities offered for the benefit of rural and agricultural households;
    - Loan funds (customer deposits or third party facilities);
    - Reinvested profits.
  - **In-kind**
    - These are non-cash contributions to the project provided by the participant, related entities of the participant or by third parties. E.g. voluntary time, office space, pre-contract physical assets etc.
    - Intangible assets are **not** eligible matching funds



# Matching Funds (cont.)

- A minimum of **30% matching contribution** to total project costs, either in cash, cash-equivalent or in-kind, is required.
- **The nature and timing** of matching contribution will be approved by the FM on a project by project basis and will be shown on the grantee's financial budgets.
- The **value** of in-kind contributions must be substantiated and agreed with the Fund Manager.
- The FM will decide whether investments made by the company prior to the start of the funded Project count towards the grantee's matching contribution.
- All cash and in-kind contributions must be clearly connected with activities agreed in the project work plan.



# Disallowed Costs – cannot be charged to FRP

- Land and buildings
- CAPEX > 40% of the total budget
- Permanent or revolving loan funds
- Permanent endowment, trust or other fund
- Direct payments of support to individuals;
- Program related investments or equity interests
- Attendance at fundraising event
- Dues to commerce and trade associations that do not pursue charitable aims or activities;
- Support of sports groups, programs, teams, or events;
- Sponsorships of events, tables, exhibitions, performances, conferences, or symposia;
- Political, lobbying or other fraternal activities;
- Purely religious activities; and
- Any expenditure for any other activity outside the charitable objects of the Foundation



# The Disbursement and Grant Management Process

- **Contract preparation** – includes final grant amounts, terms and conditions
- **Ongoing financial management** – carried out by the Fund Manager, ensuring that FRP funds and disbursements are being spent in line with the grant agreement
- **Disbursement** – will be done half-yearly in advance, according to the project implementation period (i.e. and within 3 years for projects)
- **Reporting timelines** – will be done semi-annually/annually. Reporting will focus on project progress, financial performance and impact performance.
- **Unutilized Funds** – whatever unutilized funds remain following project completion will be refunded to the Fund Manager for re-allocation
- **Independent Audit of FRP Funds** – an annual audit or financial review of each project is required for each year till the end of the project implementation period

# The Application Process

- The competition for FRP funds has two parts:
  - **Part One: Concept Note**

Submission of a Concept Note – which is a concise summary of your business idea . Register through [www.frp.org](http://www.frp.org) and you will be able to fill in the automated Concept Note.
  - **Part Two: Refinement of Business Model**

If you progress to this stage of the competition, you will be invited to submit a full business plan proposal and provide supplementary documentation – including project budgets.



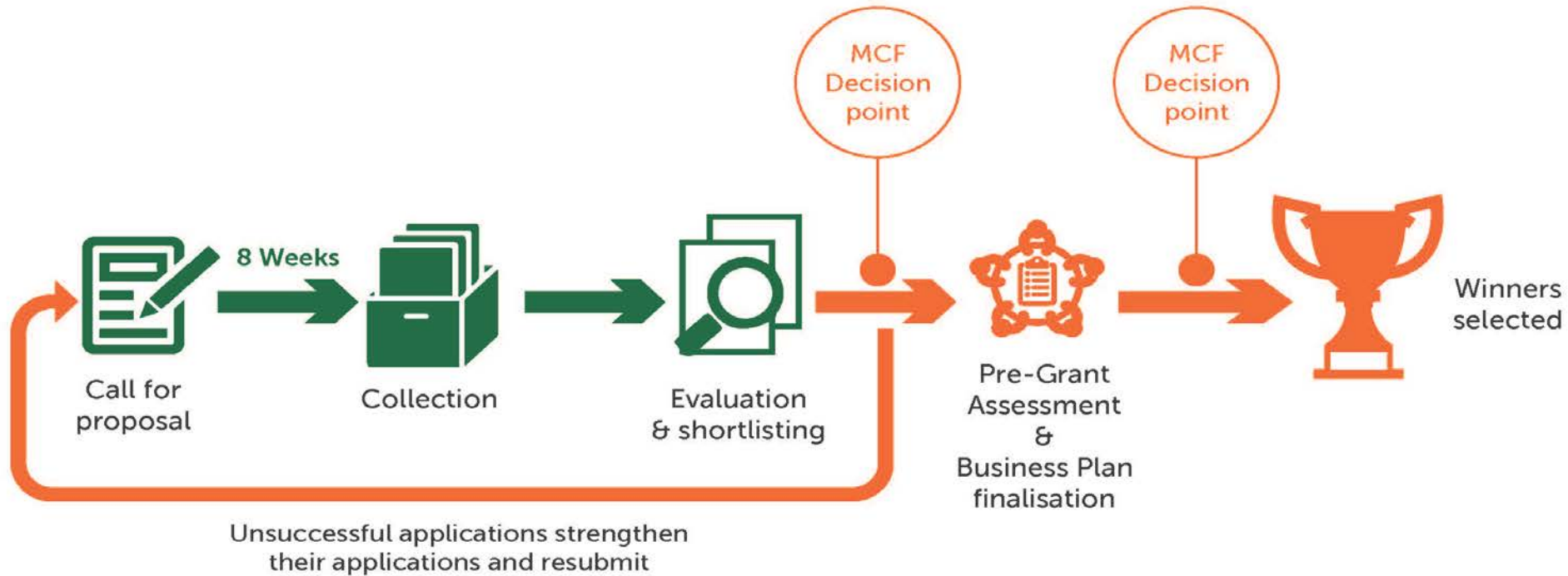


# The Application Process

- Register online as an applicant on the online portal through [www.frp.org](http://www.frp.org)
- Fill in the automated Concept Note form
- Refer to the guidance notes provided for each section
- Accept the FRP General Terms and Conditions by checking the box at the end of the Concept Note form
- Submit the completed Concept Note form via the online system
- Successful applications will be acknowledged and Concept Notes processed within **8 weeks** of the closing date of the first collection
- Unsuccessful applicants have the option of refining their application and resubmitting for review in subsequent collections.

If you have any questions regarding your application, questions can be directed to [info@frp.org](mailto:info@frp.org)

# The Selection Process





# Apply to The Mastercard Foundation Fund for Rural Prosperity Rolling Competition!

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

# Questions

