This research offers a common definition and taxonomy of Platforms, and assesses their role in transforming SHF markets.

1. The Rise of Agricultural Platforms
   - Delving into market dynamics to establish a common definition

2. The Potential of Agricultural Platforms
   - Exploring the role of Platforms in helping markets clear

3. Emerging Type of Agricultural Platforms
   - Establishing a new taxonomy to understand market positioning

4. Evolving Service Delivery Models
   - Understanding business models and pathways (and challenges) to scale

5. Transforming Agricultural Markets
   - Considering trade-offs for more inclusive, sustainable and viable markets

6. The Path Ahead
   - Guiding the next phase of innovation and growth

The Rise and Potential of
Agricultural Platforms
Within the explosion of new digital ag services around the world a number are describing themselves as “Platforms”

Organizations using the word “Platform” to describe themselves, their services or value

<table>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Smart farming</td>
<td>53</td>
<td>59</td>
<td>71</td>
<td>97</td>
<td>152</td>
<td>195</td>
<td>287</td>
<td>400</td>
<td>518</td>
<td>626</td>
<td>713</td>
</tr>
<tr>
<td>Agri digital financial services</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Agri e-commerce</td>
<td></td>
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</tr>
<tr>
<td>Digital procurement</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital advisory</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

Note: Government digital services not included. Multiple services can be offered by a single provider.
We distinguish between three commonly-referred-to Platform associations we are seeing today and focus on Digital Platforms

1. **DIGITAL PLATFORMS**
   - Models that facilitate direct interactions between multiple users for the purpose of exchange
   - Examples:
     - Digi Farm
     - Taobao.com
     - TruTrade Africa
     - DeHaat

2. **DIGITAL SOLUTIONS**
   - Digital products/services provided directly to farmers, consumers or businesses, which can encompass any of the main digital ag use cases
   - Examples:
     - Cropin
     - Farmforce
     - Digital Green
     - FarmERP

3. **COORDINATION INITIATIVES**
   - Initiatives that bring multiple actors together to address systemic challenges through brokering, knowledge sharing and coordination
   - Examples:
     - World Cocoa Foundation
     - Gain

Notes: Digital solutions are the subject of much recent work on service delivery models, for instance the Service Delivery Model work by IDH Farmfit, the Digitalization of African Agriculture report developed by CTA in 2019, and Grow Asia’s Digital Program. Coordination initiatives have existed for a long time in SHF agriculture, and these models have been the subject of much research and knowledge sharing, most recently through the work of the Royal Tropical Institute on Multi-stakeholders Platforms (MSPs).

Source: ISF Advisors and RAF Learning Lab analysis
Platforms are a distinct business model departure from traditional “pipeline” businesses

<table>
<thead>
<tr>
<th>PIPELINE BUSINESS MODEL</th>
<th>PLATFORM BUSINESS MODEL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DESCRIPTION</strong></td>
<td><strong>PRODUCERS</strong></td>
</tr>
<tr>
<td>Production</td>
<td>Value and data exchange and feedback</td>
</tr>
<tr>
<td>Distribution</td>
<td>CONSUMERS</td>
</tr>
<tr>
<td>Marketing</td>
<td>PROVIDERS</td>
</tr>
<tr>
<td>Consumer</td>
<td>OWNER</td>
</tr>
<tr>
<td></td>
<td>Platform</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>KEY DRIVERS</strong></th>
<th><strong>METRICS OF SUCCESS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Securing control of resources</td>
<td>Sales of goods and services</td>
</tr>
<tr>
<td>• Maximizing value to the customer</td>
<td>Value and volume of interactions</td>
</tr>
<tr>
<td>• Optimizing supply-side economies of scale</td>
<td></td>
</tr>
<tr>
<td>• Optimizing and driving interactions</td>
<td></td>
</tr>
<tr>
<td>• Increasing value of Platform for users as scale increases</td>
<td></td>
</tr>
<tr>
<td>• Optimizing demand-side economies of scale</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>EXAMPLES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cargill, Nestle, HP, Coca-Cola, Amazon, Alibaba, Uber, Airbnb</td>
</tr>
</tbody>
</table>

Create value by **selling goods and services**

Create value by **enabling interactions**

The core function that Platforms play is helping markets clear.

<table>
<thead>
<tr>
<th>PLATFORM FUNCTIONS</th>
<th>MARKET OUTCOMES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ORGANIZE AND STRUCTURE</strong></td>
<td>Aggregate and organize fragmented users, making it easier for them to engage with each other</td>
</tr>
<tr>
<td><strong>FACILITATE INTERACTIONS</strong></td>
<td>Enforce minimum standards and support Platform users to exchange goods, services and information</td>
</tr>
<tr>
<td><strong>PROVIDE INFRA-STRUCTURE</strong></td>
<td>Provide physical, human, and/or digital infrastructure that Platform users can use in exchanging goods, services and information</td>
</tr>
<tr>
<td><strong>CURATE INTERACTIONS</strong></td>
<td>Actively matchmake between users to create interactions where there is more likely to be an exchange of value</td>
</tr>
<tr>
<td><strong>GENERATE AND UTILIZE DATA</strong></td>
<td>Capture, aggregate and analyze interaction and customer profile data, and share these to help Platform users make informed decisions</td>
</tr>
</tbody>
</table>

Through a combination of these core functions, platforms **HELP MARKETS CLEAR** (i.e., match supply and demand) by:

- Creating **new and/or more interactions**
- Facilitating **higher value interactions**
- Creating **more efficient interactions**
- Providing **data for decision making**
Platforms in agriculture have lagged other sectors by decades, why?

In other sectors, Platforms have grown large and successful enough first to go public, and then in some cases to join the S&P 500. This includes companies with pure-play Platform models (e.g., eBay, Facebook) and companies with combined pipeline and Platform businesses (e.g., Amazon, Apple).

Platforms in smallholder agriculture emerged largely after 2010. None of these are publicly listed, and certainly none of these are large or valuable enough to rank with the largest and most valuable companies.

Notes: S&P 500 visual adapted from: Moazed, Alex and Nicholas Johnson (2016), Modern Monopolies for figures until 2015, Figures updated for 2016-2020 by ISF Advisors.
In our research, we identify factors that make smallholder agriculture both conducive and challenging to Platforms:

**THE Platform OPPORTUNITY**

- **Many agricultural markets have characteristics that create strong potential for Platforms to help markets clear**
  - ✔ Multiple layers of intermediation
  - ✔ Numerous and fragmented market participants
  - ✔ Opaque and underused market information
  - ✔ Digital connectivity of market participants

**THE Platform BUSINESS CHALLENGE**

- **There are cost and scale challenges for Platform providers that make it difficult to create viable Platform business models**
  - ❖ Volatile prices, low transaction values and challenging economics for smallholder agriculture
  - ❖ Geographically unique and seasonal production and trade
  - ❖ Highly seasonal production and trade
  - ❖ Capital intensive and limited last-mile transport, storage and communications infrastructure needed to facilitate the exchange of value
Emerging Types of Agricultural Platforms
There are very different types of digital Platforms being used in agriculture; we focus on product and service marketplaces.

<table>
<thead>
<tr>
<th>TYPE OF PLATFORM</th>
<th>EXAMPLES USED IN AG</th>
<th>NATURE OF USE IN AGRICULTURE</th>
<th>EXTENT OF USE</th>
<th>AG SPECIFIC</th>
<th>RESEARCH FOCUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transaction Platforms</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product and service marketplaces</td>
<td>izyshop, BigHaat.com, 8villages</td>
<td>Many agriculture-specific marketplaces and exchanges emerging globally</td>
<td>High, rapidly growing</td>
<td>Many new, ag specific Platforms</td>
<td>Deep dive</td>
</tr>
<tr>
<td>Social networks and communications</td>
<td>wefarm, WhatsApp, Facebook</td>
<td>Ubiquitous, established Platforms being used; few (if any) ag. specific Platforms</td>
<td>Medium, rapidly growing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment Platforms</td>
<td>M-PESA, OPay</td>
<td>Some integrated into marketplaces</td>
<td>High / low depending on region</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Platforms</td>
<td>Kiva, thrive</td>
<td>Limited use of some established investment exchanges for larger ticket size deals</td>
<td>Very little application</td>
<td></td>
<td>Typically application of existing, sector agnostic Platforms</td>
</tr>
<tr>
<td>Innovation Platforms</td>
<td>YouTube</td>
<td>Used to deliver advisory services</td>
<td>Medium, rapidly growing</td>
<td></td>
<td>Light review</td>
</tr>
<tr>
<td>Development Platforms</td>
<td>android, iOS</td>
<td>Used to develop and distribute a wide range of agriculture specific digital solutions and services</td>
<td>High, general use</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Agriculture-specific product and service marketplaces have proliferated in smallholder markets in recent years.

Notes:
- Analysis has been done on 76 product and service marketplaces with operating in smallholder-related agricultural markets (excluding digital solutions and coordination initiatives); data on scale not available on 4 profiled models. Smaller and more recently-emerged Platforms have not in all cases been captured.
- Many more Platforms exist in developed agricultural markets. These are out of scope of our research, which focuses on agricultural Platforms active in smallholder-dominated agriculture.
- The Chinese market has not been included in this research, despite the existence of a large number of Platforms operating in rural areas.

Source: ISF Advisors and RAF Learning Lab analysis.
We have developed a product and service marketplaces taxonomy, to better understand the different types.

<table>
<thead>
<tr>
<th>TYPE OF MARKETPLACE</th>
<th>OVERVIEW</th>
<th>KEY INTERACTIONS</th>
<th>NEW PROVIDER</th>
<th>PRE-EXISTING AG PROVIDER</th>
<th>PRE-EXISTING NON-AG PROVIDER</th>
<th>EXAMPLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ag Supplies Marketplaces</td>
<td>Digital marketplace for farm supplies and inputs</td>
<td>• Purchase of production inputs and farm supplies</td>
<td>5</td>
<td>1</td>
<td>-</td>
<td>[AgroStar]</td>
</tr>
<tr>
<td>2. Produce Marketplace</td>
<td>Retail trading Platform that connects farmers with consumers and small retailers</td>
<td>• Sale of farm produce</td>
<td>21</td>
<td>2</td>
<td>1</td>
<td>[Izyshop]</td>
</tr>
<tr>
<td>3. Combined Ag Supplies &amp; Produce Marketplaces</td>
<td>Digital marketplace for facilitating offtake as well as access to farm inputs (i.e., farmer sells and buys)</td>
<td>• Purchase of production inputs and farm supplies • Sale of farm produce</td>
<td>8</td>
<td>-</td>
<td>-</td>
<td>[Farmcrowdy]</td>
</tr>
<tr>
<td>4. Trading Marketplace</td>
<td>Wholesale trading Platform that connects buyers and sellers for agricultural produce</td>
<td>• Sale of farm produce</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>[Grãodireto]</td>
</tr>
<tr>
<td>5. Integrated Farm Services Marketplace</td>
<td>Integrated farm support marketplace that provides a combination of supplies, production support, finance and offtake services</td>
<td>• Purchase of production inputs and farm supplies • Support services for agricultural production • Farm finance and insurance • Sale of farm produce</td>
<td>12</td>
<td>4</td>
<td>3</td>
<td>[Lima Links]</td>
</tr>
<tr>
<td>6. Farm Services Rental Marketplace</td>
<td>Marketplace that connects distributed asset owners and farmers to support on-farm production</td>
<td>• Support services for agricultural production</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>[Tractor Ltd]</td>
</tr>
<tr>
<td>7. Transport and Logistics Marketplace</td>
<td>Marketplace that connects transport and logistics companies (typically sector agnostic) with farmers</td>
<td>• Transport of farm produce</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>[TanSupply]</td>
</tr>
<tr>
<td>8. Insurance Marketplace</td>
<td>Marketplace for insurance (typically multi-sector)</td>
<td>• Production related insurance</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>[Gramcover]</td>
</tr>
</tbody>
</table>

Source: ISF Advisors and RAF Learning Lab analysis
Evolving Service Delivery Models
We find a wide variety of service delivery models, ultimately driven by five strategic choices

<table>
<thead>
<tr>
<th>STRATEGIC DIMENSION</th>
<th>KEY QUESTIONS TO CONSIDER</th>
<th>STRATEGIC CHOICES AND EXAMPLES</th>
</tr>
</thead>
</table>
| **WHO:** target customer and problem solved | • Who is the marketplace trying to serve and what market friction is it solving?  
• How do market frictions vary by customer segment and what does this mean for how the marketplace designs and delivers its services? | Niche: Small footprint and focused on specific needs  
Mass: Broad reach and focus on scalability |
| **WHERE:** value chain and geographies | • What are the value chain-specific nuances (e.g., market fragmentation, volatility, transaction values) that will impact the marketplace design and unit economics?  
• How favourable is the local enabling infrastructure (e.g., last mile logistics) and what are the implications on the service delivery model? | Local: Geographical and focus on community  
Global: Expand reach and diversify operations |
| **WHAT:** service offering  | • What mix of core (e.g., marketing, fulfilment, transaction processing), and additional services (e.g., finance, advisory services, logistics) should the market provide to offer an attractive value proposition?  
• How should the marketplace facilitate last mile logistics (e.g., in-house, through third party providers or through logistic Platforms)? | Core: Basic services only  
Holistic: Advanced value add services, including logistics |
| **HOW TO ENGAGE:** customer engagement model | • How much should the marketplace curate who enters the marketplace and how should farmers and business engage?  
• How should the relationship between the marketplace operators, farmers and businesses be structured? | Open: Anyone can join and engage  
Closed: Only certain approved users can join |
| **HOW TO MONETIZE:** revenue model | • What level of interaction does the marketplace operator want or need to have with its target farmer customer?  
• How much excess value is the marketplace creating for farmers and businesses?  
• How can it capture part of that value without discouraging users from joining the marketplace?  
• How much funding runway does the marketplace need until it reaches breakeven and what should the funding model be? | Low: Minimal touch points with farmers  
High: Very close relationship with farmers for service delivery |

Source: ISF Advisors and RAF Learning Lab analysis
Scale is fundamental for marketplaces but achieving and sustaining a critical mass is particularly challenging.

To **achieve** a critical mass and overcome the “chicken and egg” problem, ag marketplaces must often obtain enough capital to go a longer period of time without breaking even.

To **sustain** scale ag marketplaces must prevent negative network effects from kicking-in by carefully managing user engagement.

- High customer acquisition cost
- High up front investment
- Highly competitive market
- High risk of multi-homing
- High risk of disintermediation

Source: Authors’ analysis
The broader business experience points to three approaches to reach a critical mass

<table>
<thead>
<tr>
<th>Key considerations</th>
<th>Prevalence and examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage an existing user base...</td>
<td></td>
</tr>
<tr>
<td>...from an agricultural pipeline business</td>
<td>Mid-high</td>
</tr>
<tr>
<td>...from an adjacent pipeline or Platform business</td>
<td>Low</td>
</tr>
<tr>
<td>Build a new user base in either the demand or supply side first</td>
<td></td>
</tr>
<tr>
<td>...by attracting businesses who bring their own farmer customer base</td>
<td>Low</td>
</tr>
<tr>
<td>...by attracting one set of users who will attract another set users</td>
<td>High</td>
</tr>
<tr>
<td>Build a new user base in both the demand and supply side simultaneously</td>
<td></td>
</tr>
<tr>
<td>...by attracting a niche set of users already interacting with each other</td>
<td>Low</td>
</tr>
<tr>
<td>...by attracting a broad mass of multiple types of users</td>
<td>Low</td>
</tr>
</tbody>
</table>

Source: Authors’ analysis
Bringing everything together – product and service marketplace profiles

1. Ag Supplies Marketplace

<table>
<thead>
<tr>
<th>Platform providers and business models</th>
</tr>
</thead>
<tbody>
<tr>
<td>AgMarket</td>
</tr>
<tr>
<td>Makers</td>
</tr>
<tr>
<td>Source: Authors' analysis</td>
</tr>
</tbody>
</table>

Platform providers and business models

- **AgMarket**: A platform that connects farmers and processors with the government and other producers. It focuses on the integration and optimization of supply chain operations.
- **AgBoost**: A platform that provides tools for farmers and processors to improve their operations and increase efficiency.
- **AgMarketplace**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **AgX**: A platform that connects farmers and processors with government and other producers. It focuses on the integration and optimization of supply chain operations.
- **AgRetail**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **AgSupply**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.

Examples

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Source: 2022 Annals of Agricultural Economics and 2023 Ag Economics

2. Produce Marketplace

<table>
<thead>
<tr>
<th>Platform providers and business models</th>
</tr>
</thead>
<tbody>
<tr>
<td>ProduceCloud</td>
</tr>
<tr>
<td>Makers</td>
</tr>
<tr>
<td>Source: Authors' analysis</td>
</tr>
</tbody>
</table>

Platform providers and business models

- **ProduceCloud**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **ProduceExpress**: A platform that connects farmers and processors with government and other producers. It focuses on the integration and optimization of supply chain operations.
- **ProduceDirect**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **ProduceHub**: A platform that connects farmers and processors with government and other producers. It focuses on the integration and optimization of supply chain operations.
- **ProduceLink**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **ProduceMarket**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **ProduceNetwork**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **ProduceSource**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **ProduceSupply**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **ProduceValue**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **ProduceWorld**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.

Examples

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- **ProduceWorld**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.

Source: 2022 Annals of Agricultural Economics and 2023 Ag Economics

3. Combined Ag Supplies and Produce Marketplace

Platform that combines the features of ag supplies and produce marketplaces, both linking farmers to buyers and sellers, with the goal of bringing access to a range of agricultural supplies.

Platform providers and business models

- **CombinedMarket**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **CombinedSource**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **CombinedSupply**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **CombinedValue**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **CombinedWorld**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.

Examples

- **CombinedMarket**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **CombinedSource**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
- **CombinedSupply**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.
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- **CombinedWorld**: A platform that connects farmers and processors with government and other producers. It focuses on the facilitation of market access.

Source: 2022 Annals of Agricultural Economics and 2023 Ag Economics

Source: Authors' analysis
Transforming Agricultural Markets
Well-designed and governed Platforms have the potential to drive more inclusive, sustainable, and commercially viable markets.

Market transformation outcomes

<table>
<thead>
<tr>
<th>INCLUSIVE</th>
<th>SUSTAINABLE</th>
<th>COMMERCIAL VIALE</th>
</tr>
</thead>
</table>

Potential Platform contributions

- Broader access to inputs, equipment and services that support smallholder farmer production
- Broader access to output markets through direct connections between smallholder farmers and buyers (both wholesale and retail)
- Broader access to financial services to enable smallholder farmers to increase farm investments and manage risk
- Improving access to information and data for farmers, allowing them to make more informed decisions
- Broader access to inputs and advisory services that enhance climate smart agriculture and increase sustainability
- Greater transparency of rural transactions and traceability of produce support decision making around natural resource management
- More efficient connections between input providers and smallholder farmers can lead to lower prices and great access to productivity-enhancing inputs, supporting the profitability of smallholder farmers
- More efficient connections between smallholder farmers and buyers can lead to higher prices for produce and lower transaction costs, improving the profitability of smallholder farmers
- Reduced operating costs (e.g., for customer acquisition, logistics and fulfillment) for service providers increases business model viability

Source: Market transformation outcome categories based on IDH Farmfit, Private Sector Development Strategies: Leveraging the Private Sector for Market Transformation in Smallholder Agriculture, forthcoming
But as Platforms scale their market-shaping power can also translate into negative outcomes for certain stakeholders

EXCESSIVE MARKET DOMINANCE
Replacing one form of (inefficient) intermediation with more efficient but less competitive remediation

PLATFORM USER COMPETITION
Platform operator competes with users on its own Platform

DISPLACEMENT
Displacement of vulnerable MSMEs as Platforms disintermediate markets

DATA AND SECURITY
Less control and ownership over data and information

WORKFORCE PROTECTIONS
Reduced security and benefits for gig workers compared to traditional employment

VULNERABLE POPULATION SEGMENTS
Platforms benefits may not extend to all vulnerable population segments and may exacerbate inclusion gaps

Source: Authors’ analysis
The Path Ahead
Guiding the next phase of innovation and growth

Move from the general hype around Platforms to a deeper understanding of different models that can help realize the potential of Platforms by shaping agendas, funding and impact theses.

Continue funding innovation but link any further subsidy to more specific impact and business model theses that can transform markets in inclusive, sustainable and commercially viable ways.

Learn from developed markets to fully consider the longer term potential of Platforms in shaping markets, and the critical role of governance in managing possible downside risks.

Deeper understanding of specific segments and models

Systematic view of how Platforms shape markets

Subsidy linked to specific theses

Source: Authors’ analysis
Want to know more? Reach out!
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