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# Seed Money Facilities

Insights for employing an effective seed money facility

Rani Temmink

Wageningen Centre for Development Innovation (WCDI)  
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# Contents

## List of abbreviations and acronyms

## Executive Summary

### 1 Introduction

- 1.1 Concept: Dilutive vs. non-dilutive funding

### 2 Key findings

- 2.1 Establishing the seed money facility
  - 2.1.1 Alignment of SMF with objectives
  - 2.1.2 Amount of funding available
  - 2.1.3 Support beyond financial aid
  - 2.1.4 Role throughout the SMF
- 2.2 The application
  - 2.2.1 Eligibility criteria and conditions
  - 2.2.2 Inclusive process
  - 2.2.3 Timing and form of the call for proposals
  - 2.2.4 Templates
- 2.3 Selecting and reviewing submissions
  - 2.3.1 Members of the selection committee
  - 2.3.2 Selection Process
- 2.4 Implementation and monitoring the selected projects
  - 2.4.1 Check-ins
  - 2.4.2 Leverage network
- 2.5 Follow-up phase
  - 2.5.1 Additional funding vs. funding new initiatives
  - 2.5.2 Duration and type of support during follow-up
  - 2.5.3 Ecosystem building

### 3 Conclusion

- 3.1 Opportunities for NFP

## References

**Appendix 1**      **Tips, tricks and pitfalls to avoid per SMF phase**

**Appendix 2**      **Methodology**

**Appendix 3**      **Interviewees**

# List of abbreviations and acronyms

F&BKP	Food and Business Knowledge Platform
NFP	Netherlands Food Partnership
SMF	Seed Money Facilities
WCDI	Wageningen Centre for Development Innovation, Wageningen University & Research
WUR	Wageningen University & Research

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# Executive Summary

Seed money, also known as 'seed capital' or 'seed funding', originating from the entrepreneurial field, is a common financing method for supporting early-stage startup activities. In the context beyond start-ups, it is a mechanism used by governments, universities, and NGO's to catalyse knowledge and innovation on a specific theme in various sectors. This type of funding is non-dilutive, where funding is provided without the expectation of an equity return and "often comes in the form of loans, grants, prizes, or donations.

The Netherlands Food Partnership (NFP) enables collective impact coalitions between relevant Dutch organizations and international partners. As part of its partnership and coalitions support, NFP has facilitated the implementation of several Seed Money Facilities (SMFs) within various supported Partnerships. While abundant information is available for seed money seekers, there is a scarcity of resources outlining how to set up a SMF from the grant-makers perspective. NFP has requested Wageningen Centre for Development Innovation, Wageningen University & Research to review the SMF approach.

This document aims to provide good practices, insights and guidelines on the process and design of an SMF. 5 key phases have been identified: (1) establishing the seed money facility (2) the application (3) selecting submissions, (4) monitoring, and (5) follow-up. Each section elaborates on key considerations for each phase and includes tips, tricks and pitfalls to avoid.

The findings of this review are primarily drawn from practical experiences. Seven interviews were conducted to explore various objectives, processes, and design considerations. Evaluations of previous SMF experiences were reviewed and a desk study was conducted. The findings reflect that there is no one size fits all approach to the design and process of a SMF. As a result, considerations for each phase are typically based on the specific objectives of the fund and the size, capacity and preferences of the organization. Therefore it is important to acknowledge that additional and alternative design and process considerations and experiences exist beyond those mentioned in this review.

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# 1 Introduction

The Netherlands Food Partnership (NFP) enables collective impact coalitions between relevant Dutch organizations and international partners. The overarching goal is to achieve urgent changes that contribute to healthier, more sustainable and equitable food systems, ultimately leading to the eradication of hunger, food and nutrition security, and the promotion of sustainable agriculture in low and middle-income countries.

As part of NFP's partnership and coalition support, NFP has facilitated the implementation of several Seed Money Facilities (SMFs) across various initiatives. Notable examples include SeedNL, the Global Partnership for True Pricing, and the Saline Water & Food Systems Partnership. NFP employs SMFs exclusively to ensure alignment with the objectives established by these partnerships, which influences the design and process of SMF calls and necessitates a tailored approach. These funding mechanisms have proven instrumental in enabling the respective partnerships to accelerate innovation within their domains.

While NFP considers the SMF approach an effective mechanism for advancing its mission and plans to implement such facilities more frequently in future partnerships, it is critical to acknowledge that the success and outcomes of each SMF is a collective responsibility shared among coalition partners. Although NFP provides this valuable support mechanism, the achievement of desired outcomes relies on collaborative efforts and a shared commitment among all partners involved.

NFP has requested Wageningen Centre for Development Innovation, WUR to review the SMF approach. The objective of this review is to determine how to efficiently and effectively employ Seed Money Facilities (SMFs) to support partnerships. Specifically focusing on the various choices that can be made in the SMF assessment and design process to ensure optimal impact. The review aims to generate good practices and insights for NFP's internal learning and to produce findings that can be shared with interested external organizations within the network of NFP.

## 1.1 Concept: Dilutive vs. non-dilutive funding

Seed money, also known as 'seed capital' or 'seed funding', originating from the entrepreneurial field, is a common financing method for supporting early-stage startup activities. The term "seed" suggests that this type of investment is intended to provide the initial resources to help promising initiatives and businesses take root and grow. Such as developing a product or service, build a team, and establish a market presence (PitchDrive, 2023). In a broader context beyond start-ups, it is used to catalyse knowledge on a theme or initiate and strengthen partnerships (see section 4.1. objectives of seed money)

There are two types of funding mechanisms: Dilutive funding and non-dilutive funding. Dilutive funding requires the offering of preferred stock in a company in exchange for value, which is most often provided in the form of cash, expertise, facilities, or services. In non-dilutive funding, funding is provided without the expectation of an equity return and "often comes in the form of loans, grants, prizes, or donations" (Lenzer, 2019). In this case, the outcomes and impacts generated by the projects are seen as the primary form of "return".

NFP uses a non-dilutive funding structure. The **advantage** of a non-dilutive funding structure are:

- The **ownership** and decision-making concerning the initiative remains with the submitter, creating independence and establishing a sustainable future.
- It requires **fewer negotiations** than securing investments from an angel investor<sup>1</sup>, making it an accessible and efficient option.
- It provides a short-term financial push to **scale rapidly**, which is effective for smaller activities.

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<sup>1</sup> An angel investor is a person who invests money in a new business to help it get started. Also called *business angel* (Cambridge Dictionary, 2024)

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- Decision making is largely based on **context specific** objectives, priorities and needs, rather than being influenced by potential returns.
  - It does not require to make any future payments or take on debt obligations, which can be beneficial for managing budgets and maintaining fiscal responsibility.
  - It can **support high-risk, innovative projects** that may not have a clear path to profitability but could still have significant societal or economic benefits.

The main disadvantages of non-dilutive funding include:

- **Limited funding availability**, leading to increased competition for resources and the need to prioritize projects carefully.
- Recipients may have **less financial incentive** to maximize the success and growth of funded projects, potentially resulting in a more passive approach.
- **Extensive reporting and accountability requirements** that create administrative burdens and increase the time and resources required to manage the funded projects.
- The project-by-project nature of non-dilutive funding can **limit the ability to scale** successful initiatives or replicate them across different regions or sectors with seed money.

Ways to mitigate the drawbacks include allowing applicants to reapply in a next round if not initially selected (Stiekema, 2024; Maas, 2024). Other options include offering non-monetary incentives, such as access to expertise, networking opportunities, or future funding prospects. (Stiekema, 2024; Mohr, 2024; Maas, 2024). Furthermore, reporting requirements can be minimized by opting for verbal monitoring and evaluation in place of written reports (Mohr, 2024; Singh, 2024; Stiekema, 2024). Another option is to focus on a follow-up strategy by linking key actors with the project to scale up (Singh, 2024; Stiekema, 2024).

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## 2 Key findings

Five key phases have been identified for a SMF process when developing a seed money facility:

1. Establishing the seed money facility
2. Developing the application
3. Selecting and reviewing submissions
4. Implementation and monitoring the selected projects
5. Follow-up

In the following sections, each phase is further elaborated on highlighting key considerations for the design and process of the SMF. Some sentences are highlighted in **blue** to emphasise useful tips for each phase.

### Tips, tricks and pitfalls to avoid per phase

In addition to the good practices discussed in the following sections and the highlighted in blue sentences, Appendix 1 provides an elaborated list of tips, tricks and pitfalls to avoid for each phase, further supporting the development of a seed money facility.

## 2.1 Establishing the seed money facility

The first phase of the process is establishing the seed money facility. This includes setting objectives, planning, collecting contextual information, determining the available budget and setting the scope that aligns with the strategic goals and objectives. In box 1 the key issues that need to be considered for phase one are summarized. These are further explained below.

### Box 1. Key considerations for establishing the seed money facility (SMF)

- Alignment of SMF with objectives
- Amount of funding available
- Support beyond financial aid (e.g., training, access to expertise)
- Role throughout the SMF

### 2.1.1 Alignment of SMF with objectives

When establishing a SMF, the first question to be answered is why a SMF is necessary to be organized and what is hoped to be achieved by employing one (Maas, 2024; Mohr 2024; Stiekema, 2024). For example, if your organization contributes towards sustainable food systems and encourages collaboration, do the objectives of the SMF, eligibility requirements and criteria align with the objective of your organization? Knowledge agenda's, vision and mission statements, and organizational strategies are useful resources to align to the objective of an SMF (Stiekema, 2024).

SMFs are utilized by universities, foundations, NGOs, and governments to kick-start new initiatives. With their flexible and modest funding, SMFs serve as a stepping-stone for further development (Kraan & Wensing, 2019; Stiekema, 2024; Maas, 2024; Singh, 2024). Typically, the projects supported by SMFs contribute to a specific theme or sector, with objectives that may include:

- To strengthen stakeholder collaboration (Utrecht University, 2024; Topsector Agri & Food, 2023)).



- To develop new knowledge, facilitate innovation and explore new concepts (Benthum, van 2024; Maas, 2024; Stiekema, 2024; (Topsector Agri & Food, 2023)).
- To promote interdisciplinary research and collaboration (Maas, 2024).
- To hire extra capacity (Centre for Global Heritage and Development, 2020)
- To (facilitate) capacity building and improve skills (Utrecht University, 2018; The Roddenberry Foundation, 2024)
- To support organizing workshops or a symposium on a specific topic (Utrecht University, 2024).
- To initiate or strengthen partnerships (to better position themselves in specific geographic areas) (Maas, 2024; NFP, 2024; Samen voor Onze Leefomgeving, 2024; Netherlands Water Partnership, 2024; Topsector Agri & Food, 2023).
- To improve evidence based policy making (University of Oxford, 2024).
- To develop or test prototypes (EVCF II Growth Capital, 2023)
- To respond to crisis (such as COVID-19)(Smith, 2022).
- To shift decision-making power at grassroot level (Kraan & Wensing, 2019; Mohr, 2024).
- To connect and link diverse actors in a specific sector for inclusive solutions (Samen voor Onze Leefomgeving, 2024; Stiekema, 2024; Singh, 2024).

### 2.1.2 Amount of funding available

Consider the amount of the funding for each project you intend to support. In practice, besides the total amount of funding available, the fund is often determined by the expected activities the SMF intends to support (Maas, 2024; Mohr, 2024; Stiekema, 2024; Bodlaender, 2024; Benthum, 2024; Lacey, 2024). For example, a SMF which intends to support national-level organization in their efforts to promote policy change related to value chains may require more resources than giving a one-time workshop or presenting at a conference.

In this review, SMFs range between €10.000 - €50.000 per supported project. [The advantage of a small fund is that they can offer accessibility to a wider pool of applicants](#), including grassroots organizations and individuals with innovative ideas that may not meet the criteria for larger funding opportunities, promoting inclusivity in the seed money facility mechanism (Mohr, 2024; Kraan & Wensing, 2019; Singh, 2024). This may lead to supporting a diverse range of initiatives, promoting varied solutions and approaches compared to large funds where only one or two large projects are supported. Furthermore, SMFs allow for more flexibility in decision-making and disbursement, which is valuable for seizing emerging opportunities (Maas, 2024).

On the other hand, it is important to note that these budgets may not be adequate for projects to achieve significant outcomes and should be considered a stepping stone mechanism (Kraan & A. Wensing, 2019). A strategic follow-up is necessary to work towards an increased impact. Moreover, the dispersion of resources across numerous initiatives can hinder the traction of individual projects, and managing multiple small funds can lead to increased administrative burdens and costs (Maas, 2024; Stiekema, 2024). An overview of advantages and disadvantages of providing SMF support to multiple smaller initiatives compared to one or two large initiatives is provided in table 1.

*Table 1: Advantages and disadvantages of supporting multiple smaller initiatives compared to one or two large initiatives with SMF*

	Advantage	Disadvantage
Support multiple smaller initiatives	<ul style="list-style-type: none"> <li>• <b>Increased Visibility:</b> raises awareness and attracts potential additional funding.</li> <li>• <b>Flexibility and Adaptability:</b> Smaller projects can pivot more easily in response to changing conditions or feedback, offering dynamic and responsive solutions.</li> <li>• <b>Stakeholder Engagement:</b> small initiatives often strengthen local ties and align projects with local and sector needs.</li> <li>• <b>Diversity of Impact:</b> Backing multiple smaller initiatives fosters innovative ideas and solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Quality and effectiveness</b> of smaller initiatives may vary widely.</li> <li>• <b>Significant outcomes</b> are limited.</li> </ul>
Support only one or 2 large initiatives	<ul style="list-style-type: none"> <li>• <b>Significant Impact:</b> due to their scale, allowing for more comprehensive solutions.</li> <li>• <b>Resource Efficiency:</b> Fewer projects simplify management and optimize funding.</li> <li>• <b>Concentrated Expertise:</b> often involve concentrated expertise, which</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Limited Flexibility:</b> struggle to adapt quickly.</li> <li>• <b>Narrow Impact:</b> Fewer initiatives mean less diversity in solutions.</li> <li>• <b>Community Disconnect:</b> Large-scale projects may struggle to engage local communities effectively, leading to</li> </ul>

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can increase the likelihood of success and innovation in a specific field.

solutions that are less tailored to specific needs.

- **High risk** loss of money if project unsuccessful
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(Source: Based on interviews and Kraan & Wensing, 2019)

### 2.1.3 Support beyond financial aid

Besides financial support, it can be helpful to recognize that “money is one piece of the pie” (Kraan & A. Wensing, 2019; The Roddenberry Foundation, 2024). Depending on the target group (e.g., researchers, grassroots organization, vegetable growers, companies), networking opportunities, linking and learning, capacity strengthening through trainings and technical support may also be helpful and contribute to the success of the project (Mohr, 2024; Maas, 2024; Van den Broek & Dietz, 2018; Singh, 2024; Kraan & Wensing, 2019; Van den Broek et al., 2020). Significant benefits for grantees include increased confidence, improved skills, broadened network and a better understanding of the sector for sustainable development and upscaling (Herber et al., 2017).

Whichever type of other means of support the SMF will offer, will have implications for the further design of the SMF. For example, when offering to leverage your network for expertise during implementation, you need to ask applicants in your application what type of expertise is needed (Stiekema, 2024).

### 2.1.4 Role throughout the SMF

Common practices indicate that SMF grantors play a coordinating role, granting varying degrees of freedom to grantees in fund utilization (Lacey, 2024; Bodlaender, 2024; Benthum, van 2024; Maas, 2024; Singh, 2024; Stiekema, 2024) Some grantors require ongoing engagement and influence in daily operations, while others provide more autonomy based on trust and the grantee's understanding of ground-level needs and relevant networks (Kraan & Wensing, 2019; Probably Good, 2024; Maas, 2024; Mohr, 2024; The Roddenberry Foundation, 2024; Singh, 2024).

Regardless of the SMF approach, [a potential pitfall is prioritizing the grantor's agenda and goals driving fund allocation](#), potentially neglecting the expertise of the applicant and their understanding of ground-level needs and access to necessary networks (Kraan & Wensing, 2019; Singh, 2024). Including different expertise during proposal evaluation and taking up a requirement to include local stakeholders and expertise is a way to mitigate this.

For more tips, tricks and pitfalls to avoid during the establishing of the seed money facility phase refer to Appendix 1.

## 2.2 The application

After clearly defining the objectives of the SMF, the next phase is to develop the details of the application. These should be accessible, transparent, straightforward and help the applicant in understanding how and when they are eligible to receive the SMF. The clearer the guidelines, the more likely you are to receive applications that align with your intentions. (Maas, 2024; Both Ends, 2024; Graffy et al., 2022; Stiekema, 2024). In box 2, the key issues that need to be considered for phase two are summarized. These are further explained below.

### Box 2. Key considerations for developing the application

- Eligible criteria and conditions
- Inclusive process
- Launching and form of the call
- Templates

SMFs differ in how much information is required from the applicant to submit the proposal. It is important to note that [requesting more documentation does not necessarily result in better proposals](#) (Mohr, 2024; Singh, 2024) Therefore, consider requesting only information that is essential for evaluating if the proposal aligns with your strategy. Finding a balance between gathering sufficient information and not overburdening the applicant with unnecessary requirements is key (Mohr, 2024; Maas, 2024; Singh, 2024; Stiekema, 2024).

### 2.2.1 Eligibility criteria and conditions

Eligibility criteria are the essential requirements that must be met to apply for the SMF. These criteria may focus on specific themes, geographic areas, types of organizations, collaborative approaches (e.g., partnering with the private sector or interdisciplinary work), or the pursuit of additional funding. Analysis reveals that the number of criteria varies significantly with each call, tailored to align with the specific goals of that call. However, it is common to select 3-5 criteria that best align with the SMF's objectives.

*Table 2: Advantages and disadvantages of the amount of criteria included in the application*

	Advantage	Disadvantage
Too few criteria	<ul style="list-style-type: none"> <li>Fewer criteria can encourage a wider range of applicants, increasing diversity and the number of innovative ideas submitted.</li> <li>Can make it easier for organizations to apply, potentially leading to a higher volume of submissions.</li> <li>Applicants may feel more empowered to propose creative and unconventional projects.</li> </ul>	<ul style="list-style-type: none"> <li>May lead to lower-quality applications, as applicants may not be required to demonstrate sufficient capacity or alignment with the grantor's goals.</li> <li>May not align with the grantor's mission or strategic priorities, leading to wasted resources and efforts</li> </ul>
Too many criteria	<ul style="list-style-type: none"> <li>can help ensure that funds are directed toward specific, high-priority projects that align closely with the grantor's goals.</li> <li>may lead to more thorough and well-prepared applications, as applicants must demonstrate their capacity to meet the requirements</li> </ul>	<ul style="list-style-type: none"> <li>Can discourage applicants and lead to fewer submissions.</li> <li>Restrict access for potential applicants, especially smaller organizations or those with fewer resources, reducing diversity in application</li> </ul>

Source: Based on interviews, NGO Connect, 2020, Kraan & Wensing, 2019

### 2.2.2 Inclusive process

It is crucial to consider the diverse needs and circumstances of potential applicants (Kraan & Wensing, 2019; Singh, 2024). An inclusive process is essential for promoting equity, fairness, and maximizing the impact of the SMF. This can be achieved by providing clear and accessible information about the application process, ensuring broad eligibility criteria, and providing support to individuals from underrepresented or marginalized groups. Examples include, offering flexibility in the application process, such as accepting non-traditional forms of documentation (e.g. video format) and providing alternative methods for submitting applications and flexible disbursement processes (Kraan & Wensing, 2019). In addition, having a local partner, who is part of the proposal development process, attend and present during a kick-off or end presentation can also contribute to an inclusive SMF process (Stiekema, 2024). [Another approach to engage locally led initiatives is to proactively consult with local stakeholders and allow them to nominate initiatives. Rather than waiting for applicants to approach the SMF, organizers can take the initiative to reach out to them.](#) (Singh, 2024; The Roddenberry Foundation, 2024).

### 2.2.3 Timing and form of the call for proposals

Two key factors influence launch date of the call for proposals. First, the grantors' administration and financial reporting requirements, which determine the completion timeline for funds and projects, and second, considerations for the target group (Bodlaender, 2024; Lacey, 2024; Benthum, van 2024) Maas, 2024; Stiekema, 2024; Singh, 2024) For instance, a SMF for universities aims to launch before the holiday season to allow ample time for proposal writing (Maas, 2024), while others opt for October-November launches to maximize project implementation starting in January-February (Stiekema, 2024; Singh, 2024).

Apart from timing, calls for proposals can be launched in two forms: an open window call, which accepts proposals continuously, and a closed window call, with a specific submission deadline and a limited open period. The advantages and disadvantages of each approach are outlined in the *table 3* below.

*Table 3: Advantages and disadvantages of open and closed window calls*

	Advantage	Disadvantage
Open window	<ul style="list-style-type: none"> <li>• Can spend more time and create awareness on the topic by continuously drawing attention to it</li> <li>• The call may reach others than the usual suspects.</li> <li>• Provides more flexibility for applicants to apply on their own timeline</li> </ul>	<ul style="list-style-type: none"> <li>• More administrative tasks.</li> <li>• Selection committee needs to be available to come together more than once</li> <li>• Starting dates differ, so grantees may have less time to complete their project.</li> <li>• Difficult to compare proposals and may result in a less structured, organized (and fair) application process.</li> </ul>
Closed window	<ul style="list-style-type: none"> <li>• Allows for better planning and allocation of funding resources.</li> <li>• Less administrative tasks and can review all the proposals at the same time which is more efficient.</li> <li>• Can create a sense of urgency and motivation for applicants.</li> <li>• A transparent and fair application process.</li> </ul>	<ul style="list-style-type: none"> <li>• Limits the time available for applicants to prepare and submit proposals.</li> <li>• May exclude applicants who miss the deadline.</li> </ul>

Source: Based on interviews

For more tips, tricks and pitfalls to avoid during the application phase, refer to Appendix 1.

## 2.2.4 Templates

To gather comprehensive information, using a template is an effective method. It allows for systematic data collection and facilitates easy comparison of proposals during evaluation. In addition to standard sections like applicant details, project description, activities, team organization, expected impact of the project, duration, feasibility, and budget, key sections to consider include:

- **Follow-up activities:** Grantees can showcase funding impact, share challenges/successes, and suggest future funding sources, aiding funder decision-making. (Stiekema, 2024; Maas, 2024; Singh, 2024; Bodlaender, 2024).
- **Support needed from grantor:** Applicants can outline non-financial support required for project success, such as leveraging networks (Stiekema, 2024; Singh, 2024).
- **Expected output:** Requesting a report, video, poster, or blog post aids communication and assessment, especially for small grants (Maas, 2024).
- **Additional information:** For niche topics, offer extra resources and organize Q&A sessions for in-depth understanding (Benthum, van 2024).
- **Partners and contribution to partnership building:** Applicants should describe other actors involved, including track record in that domain of expertise and their role(s) in the project when the aim is partnership initiation or when partnership strengthening is necessary (Maas, 2024; Stiekema, 2024).

For more tips, tricks and pitfalls to avoid during the application phase, refer to Appendix 1.

## 2.3 Selecting and reviewing submissions

Once the SMF is launched, proposals from applicants will roll in. This phase involves carefully reviewing and selecting proposals that match the objectives of the SMF and the feasibility of the project. In box 3 the key issues that need to be considered for phase three are summarized. These are further elaborated on below.

Box 3. Key considerations for selecting and reviewing submissions

- Members of selection committee
- Selection process

### 2.3.1 Members of the selection committee

The selection committee typically consists of 3 to 6 members (Maas, 2024; Benthum van, 2024; Mohr, 2024; Lacey, 2024), including board members, project leaders, and relevant field experts, to ensure diverse representation. This diversity is crucial for a comprehensive and inclusive evaluation process (Singh, 2024; Maas, 2024). Each member's vote holds equal weight, with a standard practice of one vote per member (Maas, 2024; Benthum van, 2024; Mohr, 2024; Stiekema, 2024). If a member is involved in a project under review, they should be excluded from the evaluation process of that proposal (Stiekema, 2024). It is advisable for the committee to establish a 'code of conduct' to ensure confidentiality and ethical behaviour, such as refraining from discussing the projects outside the committee (Stiekema, 2024).

### 2.3.2 Selection Process

During the evaluation process, committee members individually assess proposals based on predetermined criteria before convening to discuss them. Depending on the volume of proposals, some selection processes may involve pre-screening to ensure they meet minimum requirements (Maas, 2024; Benthum van, 2024; Lacey, 2024). Be mindful not to be overly strict if a proposal shows potential but is missing just one piece of information that can be easily addressed (Maas, 2024; Mohr, 2024). Additionally, allow for the adjustment of awarded points after discussing the proposal to account for any lack of clarity that may have affected the initial scoring (Stiekema, 2024; Singh, 2024).

For open window calls (see *section 2.2.3*), additional planning is necessary as the selection committee must meet multiple times and may be limited in their ability to compare numerous proposals. (Benthum van, 2024; Lacey, 2024; Singh, 2024). To ensure a consistent and unbiased evaluation process for open window calls, it is essential that the same group of evaluators participate throughout the entire selection period (Graffy, et al., 2022). Aligning evaluations with already scheduled meetings can be beneficial; for instance, if the selection committee consists of four board members who meet monthly, time could be allocated to discuss submitted proposals. (Singh, 2024).

For more tips, tricks and pitfalls during the selection and reviewing phase, refer to Appendix 1.

## 2.4 Implementation and monitoring the selected projects

After budget approval, a kick-off meeting may or may not take place in some SMFs. Due to modest budgets and efficiency considerations, there is limited monitoring in place (Maas, 2024; The Roddenberry Foundation, 2024; Mohr, 2024). Some SMFs require mid-term and final reports, but more often, the granting organization minimizes its involvement to increase ownership of the initiative. With relatively modest budgets and a typical project timeline of one year, extensive monitoring is considered unnecessary. In box 4 the key issues that need to be considered for phase four are summarized. These are further explained below.

### Box 4. Key considerations for implementation and monitoring the selected projects

- Check-ins
- Leverage network

#### 2.4.1 Check-ins

Check-ins to discuss challenges and needs can provide valuable support and prevent micromanagement. These check-ins, occurring 1-2 times throughout the project, can enhance the effectiveness of both the initiative and the SMF by addressing challenges promptly. Additionally,

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offering resources and tools, such as expertise, can further support the project (Mohr, 2024; Maas, 2024; Singh, 2024). When requesting mid-term and final reports in your SMF design, carefully consider the recipient, use, and purpose of these reports. [It is important to assess whether a written report is necessary or if verbal communication would efficiently support the project during implementation](#) (Stiekema, 2024; Singh, 2024). That way the focus remains on addressing challenges and opportunities in a timely manner and providing support without unnecessary administrative burdens.

## 2.4.2 Leverage network

During implementation, remain alert for opportunities that could support the initiative either during its implementation or in the follow-up phase (Bodlaender, 2024; Lacey, 2024; Benthum van, 2024). [Leveraging your network can support projects with access to expertise and resources, partnerships and collaboration, and increase visibility](#) (Maas, 2024; Stiekema, 2024; Singh, 2024). By strategically using your network, you can enhance every aspect of a project, from planning and implementation to problem-solving and scaling.

Additionally, linking and promoting connections with other SMF initiatives can aid in ecosystem building and support implementation. For instance, the Roddenberry Foundation hosts an "offers and needs market," a facilitated session where awardees can share their urgent needs as well as their talents and resources. This approach allows participants to find solutions to their challenges through collaboration (Singh, 2024).

For more tips, tricks and pitfalls to avoid during this phase, refer to Appendix 1.

## 2.5 Follow-up phase

The follow-up phase is a critical last step. It focuses on reflecting on the progress made with the seed funding, determining the project's viability, and identifying the next steps for further development or scaling (Stiekema, 2024; Singh, 2024). Its purpose is to maximize effectiveness and guide projects toward long-term success. In box 5 the key issues that need to be considered for phase five are summarized. These are further elaborated on below.

### Box 5. Key considerations for the follow-up phase

- Additional funding vs funding new initiatives
- Duration and type of support during follow-up
- Ecosystem building

### 2.5.1 Additional funding vs. funding new initiatives

One important consideration is whether to provide additional funding to successful projects or to reallocate resources to new initiatives. Providing additional funding to successful projects can help them scale and achieve greater impact, but it also ties up resources that could be used to support new and potentially innovative ideas (Maas, 2024). Some organizations offer new funding in another scheme, such as 'publiek-private samenwerking' (PPS) projects from Top Sector Agri-Food, or the Wageningen Sustainability Programme to further develop the project. On the other hand, reallocating resources to new initiatives allows for continued innovation and diversification of the grant portfolio, but it may also mean abandoning projects that have shown promise. Therefore, connecting projects with other funding opportunities or governmental mechanisms is an option to consider in this phase.

### 2.5.2 Duration and type of support during follow-up

For a SMF one needs to consider the level of support one can provide during the follow-up phase. While continuous support can enhance the success of funded projects, it demands significant time and resources. In contrast, reducing support may free up resources for new initiatives but risks undermining existing projects. [A key follow-up activity is connecting projects with actors or other funding mechanisms to continue and scale their initiative.](#) For example, several governmental

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programs are well-suited to support these projects (Bodlaender, 2024; Lacey, 2024). Additionally, connecting projects with private funders can provide vital resources (Singh, 2024; Mohr, 2024).

Another option is to incorporate a concluding event at the end of the seed money round, where projects are showcased and key stakeholders are invited. This networking event can effectively facilitate next steps by fostering connections among participants (Singh, 2024; Stiekema, 2024; Van den Broek et al., 2020). For instance, projects supported by Top Sector Agri & Food organize events that allow project leaders to present their initiatives to relevant external actors, enhancing direct connections and networking opportunities. Additionally, these presentations are shared online to increase project visibility (Stiekema, 2024).

### 2.5.3 Ecosystem building

Ecosystem building involves creating and sustaining a supportive environment that connects key stakeholders—such as the private sector, government agencies, educational- and research institutes, and nonprofit organizations—within a specific sector to foster innovation, collaboration, and growth. To effectively contribute to an ecosystem, it's essential to understand your role, whether as a problem solver, enabler, motivator, convener, or integrator (Deloitte, 2023). Enhancing the ecosystem around a SMF can be achieved by connecting stakeholders with seed-funded projects, bridging context-specific gaps, and ensuring project leaders and key participants are actively engaged and visible during critical phases, such as kick-offs, check-ins and presentations (Stiekema, 2023). In addition, communicating authentic stories about the projects across diverse media channels, including websites, newsletters, social media, and local newspapers, television, and blogs, can amplify the project's impact (Kauffman Foundation, 2023).

For more tips, tricks and pitfalls to avoid during the follow-up phase, refer to Appendix 1.

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## 3 Conclusion

This review offers guidelines and insights for establishing a SMF, based on existing literature, previous SMF experiences and current practices. Five key phases for initiating a SMF have been identified, demonstrating that non-dilutive SMFs can take various forms and sizes. There are many factors, such as organization size and goals and objectives that influence the form of the SMF. Overall, there is no one-size-fits-all, requiring a process of trial and error with regular evaluation and adjustments. Moreover, it is important to acknowledge that this review is not exhaustive; other experiences and practices may provide additional insights or highlight different aspects. Below are key insights per phase outlined, though not limited to these.

*Table 4: Key insights per SMF phase*

Phase	Key insight
1. Establishing the SMF	Clearly setting objectives from the outset and ensuring alignment with organizational goals, while also considering support beyond financial aid and actively leveraging networks, will have significant implications for the design of the SMF and enhance its overall effectiveness and efficiency.
2. Developing the application	Be creative and proactive in your application design to address diverse needs and effectively reach and engage partners in Low- and Middle-Income Countries (LIMCs), ensuring accessibility and inclusivity while aligning with the SMF's objectives.
3. Selecting and reviewing submissions	Forming a selection committee with 3 to 6 members, including board members, project leaders, and field experts, is essential for a comprehensive and inclusive evaluation process, ensuring that various perspectives are considered
4. Implementation and monitoring the selected projects	Design mid-term and final reports with a focus on necessity and efficiency, using verbal communication when suitable, while actively leveraging networks to access resources and expertise that enhance project implementation and foster collaboration.
5. Follow-up	The follow-up phase is crucial for assessing project viability and guiding long-term success, emphasizing the need to foster a supportive ecosystem that connects stakeholders and enhances visibility for seed-funded projects, ultimately helping to scale or further develop initiatives for lasting impact.

### 3.1 Opportunities for NFP

Based on the review, there are several opportunities for the Netherlands Food Partnership to enhance its employment of seed money facilities. Since NFP engages in non-dilutive funding, it would be wise to consider with each SMF how the disadvantages of this type of funding could be mitigated.

During the establishment of the call (Phase 1), it would be beneficial to explore ways to link multiple objectives or broaden the existing ones. This can increase collaboration, stakeholder engagement, resource optimization or learning opportunities. Make sure to assess how the objective of the SMF contributes to the broader goal of the Partnership it is employed for.



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Additionally, for each partnership, consider what types of skills—beyond financial aid—could be valuable. This could include content-related exchanges, such as webinars, skills development in areas like communication, or sharing insights between current and past SMF participants.

In the application phase (Phase 2), it is essential to maintain a critical approach regarding the criteria and the amount of information requested from applicants. This will help ensure clarity and efficiency without overburdening them. Moreover, actively utilizing networks to reach and connect with a variety of local partners—rather than relying solely on familiar contacts—can enrich the applicant pool and foster innovation. For emerging topics like True Pricing, consider enhancing support by offering resources such as Q&A sessions or expert referrals to better equip applicants. Lastly, continue to engage and include a diverse group of people (e.g. representatives from private sector, government, thematic experts etc.) to ensure a variety of perspectives.

For selecting and reviewing submissions (Phase 3), it is important to ensure an efficient and fair selection process by finding a balance between flexibility and fairness, avoiding favouritism. If a member of the evaluator group is involved with a submission, they should not participate in the voting process. Therefore, ensure that your evaluator group is diverse and comprises 3 to 6 members. There is no definitive right or wrong choice between an open or closed window call; consider the advantages and disadvantages of each and align them with the available capacity and dynamics of the Partnership. Moreover, as noted in Phase 2, continue to involve a diverse group of individuals to assess the proposals at this stage too. Lastly, provide thorough feedback when proposals are not selected as a way to keep connected with the applicant, which can be facilitated by documenting thought processes during the selection meeting.

During the implementation (Phase 4), NFP could review the purpose and activities involved in check-ins with grantees. Consider asking if any expertise is required for the remainder of the project, allowing NFP to leverage their network effectively. In addition, evaluate whether a written report is truly necessary at this stage, as it may overburden the grantee. A final deliverable at the end of the SMF, which can also serve visibility purposes, may be more effective.

Concerning the follow-up (Phase 5), there are significant opportunities to connect funded projects not only with additional funders and government mechanisms but also with other SMF projects, current and past, facilitating valuable exchanges of lessons learned. Additionally, consider establishing a consistent format for final presentations for each partnership—such as a maximum of five slides—can enhance visibility on platforms like the NFP Connect website. Continued exploration of ecosystem-building opportunities is vital, even when information is currently limited. Lastly, it is important for NFP and the coalition partners of the respective partnerships to reflect and refine their strategies after each SMF round as circumstances evolve, ensuring that approaches remain relevant and effective.

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# Appendix 1 Tips, tricks and pitfalls to avoid per

## SMF phase

### 1. Establishing the SMF

#### Tips

- Consult a diverse group of stakeholders, such as local partners and industry experts to gain various perspectives and identify specific gaps where supported projects can make a significant contribution (Maas, 2024; NGO Connect, 2020; Van den Broek et al., 2020).
- Review existing SMFs globally on the same topic to either get inspired or decide where you can make a difference with your SMF.
- Clearly define the SMFs objective (Van den Broek et al., 2020) and scope to attract suitable applicants.
- Identify organizations that align with the SMF objectives, considering whether ideal grantees are large, grassroots, or specialized service providers with a proven track record (NGO Connect, 2020)
- Providing flexible funding disbursement schedules to accommodate challenges faced by applicants in low and middle income countries, such as delayed payments, complex application processes, currency fluctuations, and political instability can increase inclusiveness of the SMF (Kraan & Wensing, 2019; Mohr, 2024).
- Decide if additional support beyond financial aid is needed, how it will impact the overall process, and what resources are required.
- Offer extra resources and tools on a central platform, like a website, (van den Broek & Dietz, 2018) and consider organizing training during implementation (Maas, 2024; Singh, 2024).
- Another way to determine the total funding is to consider the local salaries and coverage costs which are context specific (Singh, 2024).
- Recognize that an SMF is a stepping-stone mechanism. Carefully think in this phase how you can work towards a strong follow-up phase (such as a closing network event) and what is needed throughout the SMF to reach that.

#### Avoid

- Avoid prioritizing your own agenda guiding the seed money facility (see *section 2.1.4*) Instead, focus on the needs on the ground for greater impact (Kraan & Wensing, 2019; Mohr, 2024; Singh, 2024).
- Avoid designing the SMF in isolation. Get to know the context by asking questions like: Are there existing initiatives or models that can be built upon, or are there greater potential benefits from developing new models? Are there legislative impediments to achieving the objectives or to running a grants program on the country? (NGO Connect, 2022; Maas, 2024)

### 2. Application

#### Tips

- Define clear non-negotiable eligibility criteria to ensure suitable submissions while balancing between necessary criteria and aligning them with the objective of the SMF. For example, geographic (LIMC), theme (food security), working with partners or seeking extra funding, non-repeating grantees, type and size of organization etc. (Maas, 2024)
- Design the application based on the information needed for informed decision-making during selection. Asking too much will overburden both the granting organization as well as the applicant. Having a template can help manage expectations, efficient and shortlist if needed (Stiekema, 2024; Singh, 2024).
- Assess the level of inclusivity of the application process by considering the target group's location, internet access, language, and jargon. Provide options like video proposals (Mohr, 2024) and proactively contact initiative leaders to engage locally led initiatives (Singh, 2024).

- Clearly outline how you will evaluate the submitted proposals. This will help the applicant know what to emphasize (or whether to apply at all), and to develop proposals that align with your objectives (Graffy et al., 2022; Maas, 2024).
- For new or emerging topics, organize a Q&A session to clarify specific issues and answer applicant questions. Include the date, time, and registration link in the application.
- Given that funding is limited and in consistent demand, a closed window is most efficient, allowing for deadline extensions if proposals are insufficient (Maas, 2024; Mohr, 2024; Stiekema, 2024).
- Consider key holidays, seasons, administrative and financial requirements, and context-specific dates when choosing your launch and proposal submission deadlines. Launching between October and December maximizes implementation time for the following year. (Singh, 2024; Maas, 2024, Stiekema, 2024).
- Communicating the call for proposals through newsletters, social media, other partners and people in your network on the same topic have shown to be effective. To increase visibility, proactively seek local communities, organisations and networks working on the specific topic to find the people you want to apply. (Singh, 2024)
- Ask applicants which expertise and support they need to execute their initiative.
- For niche topics, offer a list of optional expert partners to help applicants identify gaps and mitigate potential conflicts of interest by inviting them to join proposals (Benthum, van 2024).
- Include a co-creation requirement to strengthen partnerships when the seed money fund aims to generate new knowledge and innovation (Van den Broek & Dietz, 2018; Maas, 2024).
- Use a central platform, like a website, to communicate the call when working with multiple partners to avoid confusion. Avoid multiple websites. (FKBK, 2018).

#### **Avoid**

- Avoid excessive criteria to prioritize on the ground needs over your own agenda.
- Ensure all weighted criteria total 100% and avoid weights smaller than 5% to maintain scoring significance.
- Avoid requesting unnecessary information from applicants. Review your information requests to ensure they are essential for assessing evaluation criteria and omit anything that won't aid decision-making or isn't mandatory (Singh, 2024; Maas, 2024; Graffy et al., 2022).
- Avoid being unnecessarily restrictive. For instance, if a proposal is missing information or supporting documentation, you might request that the applicant submits this information later rather than ruling out viable proposals.

### **3. Selection and reviewing**

#### **Tips**

- Aim for an odd number of evaluators in the event there is a need to break a tie.
- Whenever possible, choose subject matter experts as evaluators (Graffy et al., 2022; Maas, 2024; Stiekema, 2024; Singh, 2024).
- To ensure a consistent and fair evaluation of proposals during an open window call, the same group of evaluators should be present throughout the selection period (Stiekema, 2024).
- When evaluating a proposal, document the reasoning for each criterion to support your decision, which can be used when providing feedback to the applicant. This is particularly important for proposals that are not selected, as it helps keep the applicants engaged in your ecosystem and allows you to assist them in improving for future opportunities. (Benthum, van 2024).
- To capture the perspectives of all evaluators equally, consider cumulative scoring, in which the independent scores of all evaluators are averaged, rather than consensus scoring where the group collectively decides on the best proposal (Graffy et al., 2022).
- For fairness and transparency, consider signing an agreement with the selection committee that you are not allowed to talk about the project outside the committee (Stiekema, 2024)
- If you have an open window call, try to align the proposal reviews with already planned meetings. For example, if the committee consist of 3 board members that meet monthly, make time to review the proposals during that monthly meeting (Singh, 2024).

#### **Avoid**

- In case of open window calls, avoid establishing a committee with too many evaluators as coordinating schedules can become more difficult.
- Avoid a system where evaluators do not have equally weighted vote to keep things transparent and simple (Maas, 2024; Singh, 2024).
- In the scenario that a fund is almost depleted and the proposal requests more funding than is available, avoid topping up the budget. This can damage the organization's reputation, create unrealistic expectations from applicants, and undermine a fair and transparent funding process (Mohr, 2024; Maas, 2024).

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#### 4. Implementation and Monitoring of selected projects

##### Tip

- Schedule check-ins to address challenges, and identify needs, offering support without micromanagement. Look for opportunities to link and prepare for the follow-up phase (Maas, 2024; Singh, 2024; Stiekema, 2024).
- Maintain flexibility during implementation, as conditions may vary across different countries, initiatives and unexpected situations may arise e.g. pandemic, political unrest, illness.
- Consider leveraging your network to support projects with access to expertise and resources, partnerships and collaboration, and increase visibility.
- Enhance the involvement of the private sector and experts in relevant sectors, such as Agro & Food, horticulture, and their associations by linking initiatives to your network (van den Broek & Dietz, 2018).
- Depending on the target group and objectives of the SMF, consider adopting a "learning by doing" approach by for example organizing write shops, co-creation workshops, research uptake, outcome mapping, storytelling, and more.
- If the budget is not fully utilized, consider reclaiming the unused funds for allocation to other initiatives (Maas, 2024).

##### Avoid

- As an organisation providing SMF, avoid assuming that the budget is too limited to do any type of monitoring
- Avoid focusing exclusively on outputs and treating the seed money fund as a mere "checklist item." Instead, focus on the desired outcomes and the objectives behind initiating the seed money fund. Prioritize understanding the purpose, the goals you aim to achieve, and how to support achieving those goals.
- Avoid being overly involved in the project. Allow the initiators, coordinators, private sector to take the lead in designing and executing their projects (Kraan & Wensing, 2019; van den Broek & Dietz, 2018).

#### 5. Follow-up

##### Tips:

- Leverage your network to connect initiatives with suitable partners. Help initiatives explore various funding options, industry stakeholders, crowdfunding platforms, and government-backed programs, to secure the necessary seed money to increase up-take and scaling up (Poorsoltan, 2012).
- Be a link with more bureaucratic institutes. Embassies for example. Find ways to facilitate dialogue between researchers, practitioners and policy makers (van den Broek & Dietz, 2018).
- Explore the possibility of already funded projects applying to a new SMF round to further develop their initiatives and ideas (Maas, 2024).
- Organize a link and learning event with supported projects where they present and discuss their project (van den Broek & Dietz, 2018). This can also be part of the kick-off.
- Consider integrating a component into the SMF That ensures a product is delivered at its conclusion. This could take the form of a report, but also encourage diverse communication methods and products, such as videos or posters, to reach a broader audience (van den Broek & Dietz, 2018; Maas, 2024).
- Make sure that the results and findings can be further disseminated for visibility, possible collaborations and upscaling (van den Broek & Dietz, 2018).
- Refer to the original follow-up plan in the application.
- Ways to disseminate learnings from the project can include speaking at platforms and conferences, spreading around outputs through networks, follow-up workshop, creating a video.
- communicating authentic stories about the projects across diverse media channels, including websites, newsletters, social media, and local newspapers, television, and blogs, can amplify the project's impact (Kauffman Foundation, 2023).
- Take time after completing a seed money facility to reflect, collect and share lessons learned for a new call (van den Broek & Dietz, 2018; Stiekema, 2024; Maas; Bodlaender, 2024; Singh, 2024).

##### Avoid

- Avoid having no follow-up plan and phase at all.
- Unless it is part of your objective, avoiding a prolonged follow-up phase is essential to ensure efficient resource allocation, maintain stakeholder engagement, and allow for quicker adjustments to strategies and objectives, ultimately maximizing impact.



## Research Question

The main question guiding this review is: How can seed money be employed in the most effective and efficient way to support the objectives of a partnership?

The main research question is divided into two categories: The design of the Seed Money Facilities and the process of Seed Money Facilities. For each category sub-questions are formulated as follows:

### *Design of Seed Money Facility*

1. What are the different objectives for which SMFs can be employed?
2. What are the key design elements that make up a seed money facility design?
3. Which considerations are there for each key design element?

### *Process of SMF*

4. What are the main components of a seed money facility process?
5. What are the considerations for each phase?

The methodology for this review is threefold: (1) desk research, (2) review of current internal SMFs and (3) semi-structured interviews.

## Desk Research

A desk research is conducted to identify current practices, design components and processes of SMFs. For this desk research only web-based databases were used such as Google, Google Scholar, and Scopus. To find relevant sources, the following criteria guided the desk research.

### *Criteria for inclusion in the desk research:*

- The seed money facility should be related to the food and agri sector;
- The amount of seed money does not exceed €500.000 in total;
- Seed money facility is employed in low and middle income countries;
- And seed money granted from the year 2015 onwards.

Studies are excluded if:

- The seed money facility applies to high-income countries

## Review of SMFs implemented by NFP

NFP has previously employed and completed four SMF rounds and has 2 ongoing SMFs to support partnerships such as SeedNL, the Saline Water & Food Partnership and True Pricing. Learnings from NFPs predecessor, Food and Business Knowledge Platform (F&BKP) have also been reviewed. The available evaluations and related documents have been reviewed. This retrospective analysis aimed to extract key learnings, identify good practices, and recognize areas for improvement that can inform the optimal design and facility processes of future SMF initiatives by NFP.

## Semi-structured interviews

Seven semi-structured interviews were conducted to explore seed money facility processes and design considerations. The interviewees comprised of three key coalition builders from NFP and four representatives from external organizations with experience in seed money facilities, including an academic institution, a non-governmental organization, a sectoral partner, and a global funding entity.

## Limitations

An initial quick scan revealed a limited availability of literature and documentation on SMFs. While there is abundant information available for applicants seeking seed money, especially in the context of entrepreneurship, there is a notable scarcity of resources and case studies examining and documenting the implementation of these funding mechanisms from the perspective of the one offering the grant. Additionally, most sources focus on a dilutive seed money mechanism rather than a non-dilutive one (see section 1.1. *Concept: dilutive vs. non-dilutive funding*).



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As a result, many of the findings are drawn from practical experiences, which often reflect a trial-and-error approach. Decisions regarding process and design are typically based on the specific objectives of the SMF and the nature and preference of the organization, leading to customized approaches rather than a one-size-fits-all model. While this review captures the general trends observed in the interviews, it is important to acknowledge that alternative options besides those mentioned may exist.

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Wageningen Centre for Development  
Innovation  
Wageningen University & Research  
P.O. Box 88  
6700 AB Wageningen  
The Netherlands  
T +31 (0)317 48 68 00  
[www.wur.eu/cdi](http://www.wur.eu/cdi)

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