Multiple Pathways for Leveraging Investment in Agribusinesses: Lessons from CASA

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CASA
Commercial Agriculture for Smallholders and Agribusiness

The Commercial Agriculture for Smallholders and Agribusiness (CASA) Programme aims to drive global investment for inclusive climate-resilient agri-food systems that increase the income of smallholder farmers.

Comments and discussion items related to the content and opinion should be addressed to the co-author Jack Covey via email at JCOV@NIRAS.COM.

Cover photo: Florence Batoni is CEO of Platinum Agribusiness Ltd in Kigali, Rwanda, one of CASA's partners in the poultry value chain. The partnership demonstrates a lower risk model of sustainable extension service provision, with Platinum selling high quality, locally produced and affordable feed to farmers, improving their production and providing them a secure market for their birds. CASA provided financial and technical support to Platinum to install a feed milling plant to produce quality feed to meet local standards, and develop smaller packaging sizes to avoid wastage, quality loss or expiry before use

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ACRONYMS

ACRE	Access to Capital for Rural Enterprises
AECF	Africa Enterprise Challenge Fund
AgriFI	Agriculture Financing Initiative
BDS	Business Development Services
BFI	Banks and Financial Institutions
BII	British International Investment
BRD	Development Bank of Rwanda
BSF	Black Soldier Fly
CADECOM	Catholic Development Commission in Malawi
CAPEX	Capital Expenditure
CASA	Commercial Agriculture for Smallholders and Agribusiness
CDAT	Commercialization and De-Risking for Agricultural Transformation
CoE	Centre of Expertise
COMSIP	Community Savings and Investment Promotion
CP3	Climate Public Private Partnership
DFAT	Department of Foreign Affairs and Trade
DFI	Development Finance Institutions
DFID	Department for International Development
DOC	Day Old Chick
EA	East Africa
EDF	Export Development Fund
EIB	European Investment Bank
ESG	Environmental, Social and Governance
EU	European Union
EZCF	Enterprise Zambia Challenge Fund
FAO	Food and Agriculture Organisation
FCB	First Capital Bank
FCDO	Foreign, Commonwealth and Development Office
FF	Fine Fish
FI	Financial Institution
FMCG	Fast-moving Consumer Goods
FMO	Dutch Entrepreneurial Development Bank
GBP	Great Britain Pound
GHG	Greenhouse Gas
GMP	Good Manufacturing Practice
GoR	Government of Rwanda
HACCP	Hazard Analysis Critical Control Point
ICF	International Climate Fund

ACRONYMS

IDH	Sustainable Trade Initiative
IFAD	International Fund for Agricultural Development
IP	Implementing Partner
IPO	Initial Public Offering
ISO	International Organization for Standardisation
JV	Joint Venture
KPI	Key Performance Indicator
KYC	Know Your Customer
MAIIC	Malawi Agriculture and Industrial Investment Corporation
MAP	Medicinal and Aromatic Plants
MFI	Monetary Financial Institutions
MICF	Malawi Innovation Challenge Fund
MRM	Monitoring and Results Management
MSD	Market Systems Development
MSME	Micro, Small and Medium Enterprises
MSSK	Mahila Samudayik Sewa Kendra
MT	Metric Tonne
NPR	Nepalese Rupee
OSAP	Oil Seeds and Animal Feed Production Flagship Program
PA	Platinum Agribusiness
PE/VC	Private Equity / Venture Capital
PLC	Private Limited Company
ROI	Return on Investment
RQ	Research Question
RS	Rupees
SACCO	Savings and Credit Cooperative Organisation
SME	Small and Medium Enterprise
SPV	Special Purpose Vehicle
STTA	Short Term Technical Assistance
TA	Technical Assistance
TAF	Technical Assistance Facility
TBD	To Be Determined
TNA	True North Associates
UK	United Kingdom
UN	United Nations
VC	Venture Capital
VSLA	Village Savings and Loan Association

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EXECUTIVE SUMMARY

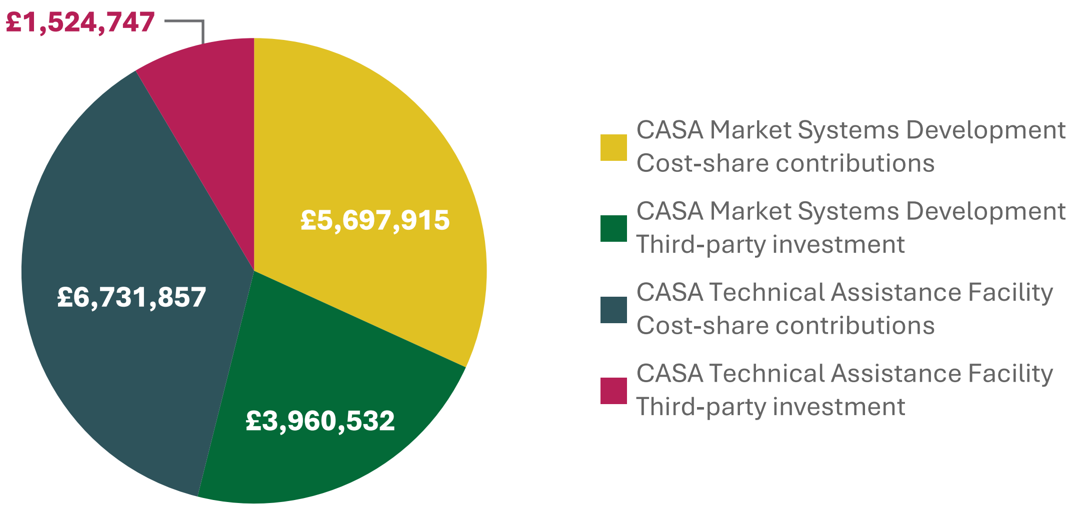
Agri-SMEs exist in what is often referred to as a 'missing middle' in agricultural financing, which is perpetuated by information gaps and perceptions of risk (real and perceived) amongst both investors/lenders and agri-SME stakeholders, thus limiting deal flow and size. In turn, this prevents the growth of private brokerage actors working to connect agri-SMEs with investors/lenders, further perpetuating information gaps. In this context, the past decade has seen a proliferation in donor projects which seek, through various mechanisms, to address access to finance in this 'missing middle'.

Donor programmes working in the space can broadly be categorised into five key groups: (1) Enabling existing professional services firms, that have always been engaged in investment facilitation at a certain level, to work with smaller ticket sizes and branch into new sectors, including agriculture; (2) Funds that have added investment advisory to their offerings; (3) Stand-alone investment facilitation structures and consultancies that specifically focus on investment; (4) Boutique advisory firms that offer a range of services focused around deal-making; and (5) Broader technical assistance providers that include investment facilitation in their suite of service offerings.

The FCDO-funded CASA Programme, which has worked across the first and fifth groups described above, has been conducting work in investment leveraging with agri-SMEs at both pre- and post-investment phases since its inception in 2019. CASA Component A works through a Market Systems Development (MSD) approach in Ethiopia, Malawi, Nepal and Rwanda, to support some of the agri-SMEs in its pipeline to leverage investment to support their growth and ability to better engage with smallholder farmers (pre-investment) as well as with partners who have recently secured loans and are looking for technical assistance (TA) on how to best utilise that capital (post-investment). CASA Technical Assistance Facility (TAF) works mainly at the post-investment phase, supporting the investees of Development Finance Institutions to ensure that DFI capital generates impact for smallholder farmers through inclusive business planning. TAF has undergone several evolutions which has added to its mandate on investment leveraging, specifically in 2024 when CASA Plus was established, funded by FCDO and DFIs to provide post-deal, pre-deal and market building technical assistance to support the agriculture investment landscape.

Through this work, CASA has successfully leveraged £17,915,051 of investment through agribusiness partners' contributions to cost-shared interventions and leveraged third-party investments across both components (see figure below).

Distribution of investment leveraged on CASA



Third-party investment has been mainly made up of debt from commercial banks (76% of all third-party finance), but includes some instances of equity investments and the facilitation of more innovative investment arrangements in challenging macroeconomic conditions. The distribution of this success in CASA indicates the significant impact that firm maturity (i.e., more mature firms are able to cover a higher percentage of cost-share and are more willing to bear the risks associated with seeking investment) and macroeconomic conditions (i.e., a supportive borrowing environment and favourable interest rates increases willingness to seek investment) have on investment leveraging.

In defining the above results, CASA has generated three key learnings on attribution for investment leveraging programmes, which is often challenging due to the multiple factors required for a firm to attain investment and the difficulty in gaining direct input from the lender/investor on what contributed to the 'go' decision. Firstly, when determining attribution, it is important to consider all modalities of investment and how they can be attributed to the work of the programme, avoiding a temptation to focus on more straightforward cases which may overlook smaller and more innovative work. Secondly, CASA has surmised that investment can be linked to CASA's programming where it a) has directly supported a business's investment application; b) has supported a business model which attracts investment; or c) supports an existing company and business model to leverage investment either better, faster and/or at lower risk. Finally, CASA has noted the importance of considering the level of innovation, as well as the total amount leveraged, when evaluating a programme's success in investment leveraging. For instance, it is comparatively easy to secure finance through established channels (e.g., debt financing) in conducive political-economic environments versus to innovate and pursue new and potentially more scalable pathways to investment (e.g., equity in Nepal or tri-partite agreements in Malawi). Measurement metrics should therefore reflect this weighting, with donor money likely providing more additionality where it can de-risk and encourage innovation. More quantitative insights on attribution for investment leveraging can be seen in the strategic evaluation of FCDO's CP3 programme.[1]

CASA's provision of technical assistance (TA) to agribusinesses has been essential in delivering these results. CASA has experience in providing pre- and post-investment TA to its agribusiness partners, covering content that can be defined as 'core business development services' (BDS) (e.g., capacity development of core business operations; preparation and modification of business plans; technical specifications for expansion; improving inclusivity of business models) or 'investment specific' (e.g., investor profiling and engagement; direct facilitation and dealmaking; preparation for due diligence; managing investor relations; monitoring return on investment). Working across these categories has allowed CASA to respond to the different starting points of the agribusinesses across the portfolio. Across the Component A portfolio, the most universal need has been for core BDS services, with less mature agribusinesses often lacking the basic business planning and internal controls and governance necessary to meet due diligence requirements. However, the value of investment-specific TA has been clear when pursuing newer (e.g., investor engagement underpinning equity deals in Nepal) or more innovative (e.g., direct facilitation of tri-partite and special purpose vehicle arrangements in Malawi) forms of financing, which are often pursued in response to the macroeconomic conditions of the market.

CASA's achievements and learnings have been codified in two key tools which have more recently been adopted by implementation teams designing investment leveraging interventions, and are shared in this paper. The **investment decision tree** provides a helpful synthesis for implementation teams and agribusinesses when evaluating what forms of investment may be appropriate. In addition, the development of an **investment leveraging toolkit**, which specifies the core requirements of several key steps in the investment leveraging process, has enabled country implementation teams to more thoroughly quality assure the investment facilitation TA provided to partner agribusinesses. The nine topics covered in the investment leveraging toolkit, which fit onto those covered in the TA typology, are: (1) self-assessment; (2) crafting your business plan; (3) research your investors; (4) preparing for scrutiny; (5) pitching your vision; (6) securing the deal; (7) managing post-investment; (8) track, adapt, and grow; and (9) reflect and plan.

The above learnings derived from CASA's experience underpin several key recommendations for programmes and specifically for implementation teams and donor stakeholders across programme design and implementation phases (see table below).

Element of Programme Delivery	Recommendations	Relevant Stakeholders
TA delivery for investment leveraging with agri-SMEs	Understand and be adaptable to the macro-economic environment.	Implementers
	Utilise a diagnostic process to determine investment modality and TA type.	Implementers
	Work through both agri-SME and investor entry points to fill information gaps.	Implementers
	Secure specialist support and tools where needed to fill gaps in programme team expertise to support businesses.	Implementers
	Programmatic learnings and best practice should be codified in tools for implementing staff, to use when designing and/or quality assuring external provision of TA for investment leveraging (e.g., CASA Toolkit).	Implementers
	Prioritise building a diverse roster of TA providers across pre- and post-investment phases and targeting core BDS and investment-specific services.	Implementers
	Prioritise using existing market actors as TA providers for future sustainability.	Implementers
	Encourage partner agri-SMEs to engage with suitable investors as early as possible so that investment leveraging support can be tailored to investor needs.	Implementers
	Investor engagement helps build the relationships necessary for possible partnership, but does not guarantee the emergence of any deals.	Implementers
	Whilst there is value in providing more general TA for systems which are common across agri-SMEs in different value chains, it is essential to complement this with specific expertise related to the product/market in which the company is working.	Implementers
	TA programmes should encourage innovation with partner agri-SMEs to unlock commercial opportunities within or connected to the initial core business.	Implementers
	TA design must ensure enough time is afforded for agri-SMEs to learn by doing. The value in TA is not just in the service, but in building the agri-SME's capacity to self-replicate in the future, including on borrowing/investment applications.	Implementers
	Post-investment TA, especially on debt transactions, can ensure the efficient procurement and installation of any expansion infrastructure, reducing risk and improving utilisation of the investment.	Implementers
	Partner contributions to intervention cost share can represent a significant mobilisation of private investment into agribusinesses if the correct incentives are well understood by the project and matched with a quality service offering.	Implementers

Element of Programme Delivery	Recommendations	Relevant Stakeholders
Modalities of investment	Work is needed to better understand a) the impact of climate change risks on investment risks/decisions and b) the possibilities/viable options for climate finance in the agri-SME market. To be ascertained through a scoping exercise, including connecting with programmes that have had success here such as the CLIC Connector.	Implementers
	Programmes should be wary of advising partners to take on debt investment, if conditions represent an over-exposure of risk (e.g., exorbitant interest rates, high collateral, unfair terms).	Implementers
	Equity deals are possible with smaller agribusinesses and development programmes can play a valuable brokerage role between PE/VCs and the agribusiness, de-risking both sides through quality TA if necessary.	Implementers
	DFI concessional interest rates increase agri-SME willingness to borrow. Programmes like CASA can increase uptake and deepen impact by supporting investment readiness and business plan delivery at agri-SME level.	Donors
Programme design	Agri-SMEs often need more than just the money – investment should be fit for purpose and offer intellectual and organisational capital too. CASA has shown that development programmes can fill this role by providing TA, which ultimately should pass on to FIs once scaling of the agri-SME market makes it viable.	Donors
	Programmes should be designed to ensure all varieties of TA (pre- post-investment; core- / specific-) are within scope to match diverse agri-SME needs.	Donors
Evaluation and results	When embracing more innovative forms of finance, impact may be better measured by the piloting and scaling of new models rather than through the total amount mobilised. For example, the trialling of a new model that is sustained within the market may have much greater long-term impact than a series of debt financing successes which raise a comparatively larger amount of capital. Donor bodies should remain open to embracing the value of innovation alongside targets on total amount of finance mobilised.	Donors

INTRODUCTION

Access to finance is often a key challenge for agri-SMEs in developing economies. This has two main drivers. Firstly, widespread perception amongst financial service providers that agri-SMEs are high risk and offer relatively low returns leads to a high cost of borrowing and limited service provision, where formal financial institutions are often only interested in large ticket sizes, with micro-deals covered by less formal community banks and savings societies and high costs of borrowing.[2] Secondly, at the agri-SME level, capacity challenges including a lack of formal business structures and systems, a lack of collateral, and low awareness of the requirements of finance institutions mean that many agri-SMEs are not investment ready, especially for large ticket investments. This dual challenge of financial services availability/suitability and agri-SME capacity renders many companies hidden from policymakers and missing from finance provider offerings in what has been defined as an 'underserved' or 'missing middle'.[3,4,5] Agri-SMEs that face these challenges often struggle to scale their operations, meaning that their potential for creating catalytic benefits for smallholder farmers and resilient agri-food systems in developing countries is thwarted.

In response to this key issue, the FCDO-funded Commercial Agriculture for Smallholders and Agribusiness (CASA) Programme has been providing catalytic support to agri-SMEs to highlight their transformative potential for smallholder farmers and strengthen the business case for investment in agri-SMEs through pilot interventions. As part of these, several agribusiness partners have been supported by CASA to leverage investment. Specifically, CASA works through two components – Component A, taking a value chain specific approach to market systems development in four countries, and Component B, known as the CASA Technical Assistance Facility (TAF), which is value chain agnostic and works in multiple countries.

CASA Component A concentrates specifically on investment facilitation for smaller agri-SMEs with smallholder supply chains working in Ethiopia (soybean and vegetables), Malawi (aquaculture and poultry), Nepal (dairy and vegetables), Rwanda (aquaculture, poultry and vegetables), and formerly Uganda (beans and sesame). CASA TAF builds a case for investing in inclusive agribusiness models by supporting what are often larger agribusinesses which have already received investment from Development Finance Institutions (DFIs) to work through inclusive business models, improving the investment case for such models. With the CASA Programme in its sixth year, it is time to examine what has worked and what has not in terms of leveraging investment for partner agri-SMEs, and how these efforts could be improved. This understanding must be situated within an understanding of how the work of development programmes to leverage investment with agri-SMEs has evolved.

Evolution and Evidence Base for Development Programmes Supporting Agri-SMEs to Leverage Investment

CASA is one of several development programmes that have sought to address investment leveraging challenges of agri-SMEs. CASA is particularly interesting owing to the way that its separate components work at different phases of the investment leveraging process (pre- and post-) and adopt different approaches – market systems development (Component A) and working with individual businesses/FIs (TAF) – to improving both deal generation with agri-SMEs and the inclusivity of investments. The inclusion of investment advisory services for the private sector as a donor-funded engagement has occurred as a natural evolution of the Market Systems Development (MSD) approach of

2. ISF Advisors. (2022). The State of the Agri-SME Sector: Bridging the Finance Gap.
3. Doran, A., McFayden, N., Vogel, RC. (2009) The Missing Middle in Agricultural Finance: Relieving the capital constraint on smallhold groups and other agricultural SMEs. Oxfam.
4. Alibha, S., Bell, S., Conner., G. (2017) What's Happening in the Missing Middle?: Lessons from Financing SMEs. World Bank
5. CASA (2020) The Underserved Middle: Defining Excluded Enterprises in Agricultural Value Chains.

CASA Component A. Companies initially supported by MSD programmes were at various stages in their financing journeys and many would need further sources of capital to sustain their growth but faced systemic challenges from the market. As captured by CrossBoundary[6], challenges included high fundraising costs because of small deal sizes and lack of mutual understanding where FIs and agribusinesses both lack an understanding of each other's investment requirements/needs. However, market intermediaries that address these issues do not exist because of small deal flow and actors' unwillingness to pay for services which they do not understand or trust.[7] The idea of donors providing catalytic financing to the ecosystem to enable the establishment of trusted intermediaries and fill this gap is therefore powerful, as reflected by the plethora of donor-supported service providers focused on investment facilitation that have emerged to address this need over the past decade. These service providers can be categorised into five key groups:

Table 1: Types of Investment Facilitation Services Supported by Donors

Type of Investment Facilitation	Examples
Enabling existing professional services firms, that have always been engaged in investment facilitation at a certain level, to work with smaller ticket sizes and branch into new sectors, including agriculture	KPMG, BDO, CASA
Funds that have added investment advisory support to their offerings	Africa Enterprise Challenge Fund (AECF); Agriculture Financing Initiative (AgriFI); IDH[8]
Stand-alone investment facilitation structures and consultancies that specifically focus on investment advisory support	GET.invest, Village Capital and Advance Consulting
Boutique advisory firms that offer a range of services focused around deal-making	Open Capital Partners and CrossBoundary
Broader technical assistance providers that include investment facilitation in their suite of service offerings	Argidius, AMI, CASA

Whilst there has been some work on gathering experiences and understanding on the delivery of technical assistance (TA) to the private sector through various modalities, this is principally focused on the broader scope of capacity-building advisory support with little specific analysis on TA for investment leveraging. For example, a recently completed study by IFAD[9] that looked at TA facilities supporting the private sector (including CASA TAF and five impact investment funds) does not provide any specific conclusions on TA for investment facilitation, which has been a focus area for some of the facilities reviewed. Some of the generic conclusions on TA to the private sector are, however, still relevant to more specific investment facilitation advisory support, such as the inclusion of a co-financing commitment from the recipient, an ability to assess the impact of the intervention, and setting clear goals and ensuring regular monitoring. That said, another recent IFAD report that reviewed 15 business development advisors – together with ISF Advisors[10] – found that core business development services were more effective in raising finance than specific access to finance advisory support, presumably because this work is fundamental to making companies more investment ready.

In general and in common with other findings on impact measurement in the sector by CASA[11] there is only limited information available on what works

6. CrossBoundary are an advisory services firm, who (in 2013) were among the first to use investment facilitation as a tool for development.
7. As elaborated in *Investment Facilitation: a new tool for economic development.* 2019
8. https://www.aecfafrica.org/; https://edfimc.eu/what-we-do/agrifi/; https://idh.org/
9. The design and implementation of Technical Assistance Facilities to unlock agribusiness investment, IFAD. 2023
10. Effectiveness & Efficiency of Business Development Services (BDS) for Agri-SMEs. 2023
11. The development impact of concessional finance to agri-businesses, 2020. CASA

in investment facilitation. Three notable findings can be taken from the work of the Argidius Foundation's work with the Yunus Social Business Foundation in Uganda[12], ACRE in 2014-18[13], and Intellecap[14]. Agridius suggest that the 'missing middle' of agribusiness financing needs greater segmentation to match specific financing needs with capital providers and that the expectations of entrepreneurs must be carefully managed in this matching process. In terms of the provision of assistance, it is noted that holistic and longer-term technical support, in conjunction with shorter-term investment facilitation, is effective in supporting agribusiness fundraising. Importantly, they observe that whilst beneficiary companies note a willingness to pay for investment facilitation services, especially on a performance basis, this can be negatively impacted by the increasing number of donors offering services. Donor subsidisation can undermine the ability of private business development advisory and investment facilitation service providers to create sustainable business models. Lastly, there is a persistent challenge in attributing success to investment facilitation work, often due to lack of reliable data, significant exogenous factors, and unclear attribution strategies.

In the context of this evolution in approach and the current paucity of evidence on effective TA for investment leveraging, this paper draws on CASA's experience to add to the currently limited existing literature on what does and does not work when supporting agri-SMEs to leverage investment.

Leveraging Learning: Assessing CASA's investment work with agri-SMEs

To capture the investment leveraging learnings from CASA's six years of work across Component A and CASA TAF, this paper responds to five research questions (RQs):

1. How do investment leveraging approaches differ between CASA Component A and CASA TAF to reflect the different characteristics of their target agri-SME partners? (Chapter 1)
2. What is the range of investment types and innovative finance solutions that have been leveraged and implemented by CASA partners and what are the pros and cons of each form of investment? (Chapter 2)
3. What are the most effective supporting activities/interventions for leveraging different forms of investment, including climate finance? Are there any activities/interventions that have been shown not to be effective? (Chapter 3)
4. What are some of the challenges experienced when supporting agri-SMEs and agribusinesses to leverage investment (including climate finance) and how can/have they been overcome on CASA? (Chapter 3)
5. Are climate change-related risk assessments/ requirements enhancing, neutral or even a barrier for leveraging investment? (Chapter 2)

Methodology and Limitations

This learning paper is based primarily on qualitative evidence collected from CASA implementation teams during learning workshops and semi-structured interviews, from which case studies and key themes were developed. Secondly, a review of key programme documentation, including tools such as the CASA investment readiness toolkit,[15] helped trace the evolution of CASA's work on investment leveraging. Finally, the portfolio of investments leveraged across Component A and CASA TAF gave insights into the achievements of the programme and what modalities of investment were most common. All data have been thematically analysed to synthesise the key lessons emerging from across CASA components.

There are two main limitations of this learning paper. Firstly, acquiring information from investors/lenders on their position regarding agri-SME financing, especially around their decision-making process behind specific deals, is difficult to ascertain. As such, the paper incorporates reflections from country implementation teams and where possible agri-SME partners to reflect as thoroughly as possible the pathways to investment leveraging. Secondly, the lack of robust evidence on 'what works' in investment leveraging with agri-SMEs means that there is limited scope for comparison to other programmes in this paper.

12. Argidius – YSB Evaluation Report, MarketShare Associates. 2018
13. Access to Capital for Rural Enterprises learning report, 2018
14. Evaluation of Intellecap's support to ventures in East Africa. ITAD. 2018
15. This was developed early in Component A work and is now being refined based on the experiences of the countries (Andrew Parker hired as an STTA for this). Currently, the toolkit is only used by Component A. Andrew also provided deal-making mentoring to Component A country teams, which has provided insights on their investment leveraging experiences to date.

1. CASA'S APPROACH TO INVESTMENT LEVERAGING

RQ1: How do investment leveraging approaches differ between CASA Component A and CASA TAF to reflect the different characteristics of their target agri-SME partners?

Investment Mandate from the CASA Business Case

The CASA Programme is a successor to a series of investments that UK Aid had made in the previous decade as a lead donor in establishing an MSD-based approach to development aid. These initiatives included substantial support to the establishment of funds and other structures that provided direct investment into agribusinesses. This support was expensive, had rapidly targeted the most credible and available investment opportunities, and frequently supported foreign-owned enterprises at scale. CASA was intended to build on this earlier work by concentrating on smaller, locally owned enterprises (Component A) as well as working with larger enterprises to make them more inclusive by increasing the equitable engagement of smallholder farmers in the supply chain (CASA TAF).

CASA has taken an enabling approach rather than the direct financing common in previous FCDO/DFID programming. This approach provides advisory support alongside relatively small catalytic capital. This supports enterprises to raise investment from other, less concessional, sources, acting more as facilitator than investor. This is an evolution of the intervention model of many concessional capital investment funds, who are now providing a suite of services for agri-SMEs beyond finance.

The initial FCDO business case for the CASA Programme identified four key justifications for this revised focus. Firstly, investment in smaller agribusinesses and farmers can have a bigger impact on poverty alleviation as they engage mainly in domestic and regional value chains which are growing faster. Secondly, despite often being essential for agricultural growth, smaller agribusinesses and start-ups are less able to access finance from investors or banks, due to both capacity and physical proximity. Thirdly, information gaps (due to poor auditing and informal business planning), low capacity in business management requiring high levels of investor engagement, and physical risks in the agriculture sector (e.g., yield fluctuations and price volatility) makes investing in agriculture risky, with small-scale agribusinesses perceived to bring additional risks. Finally, investment in smaller agri-SMEs can be increased if accompanied or precluded by targeted support to reduce risks and increase company readiness for investment.

Following the logic established by the business case, the CASA inception report includes a major component on assistance for agri-SMEs to attract investment into the programme's original target value chains (aquaculture, beans, dairy, poultry, sesame and vegetables). The intervention area was determined after an initial sector analysis and enterprise screening to identify potential project partners and subsequent due diligence and investment readiness assessments. A range of business development services were expected to be provided that would both strengthen the business operations and, by extension, support investment facilitation for these businesses.

Throughout the paper, insights are provided on how this approach was implemented and modified in practice to meet the complex and dynamic needs and challenges of agri-SMEs looking to leverage investment. In many instances, value chain and country-specific challenges faced by agri-SMEs meant that an adaptive approach was adopted, resulting in the utilisation of a diverse range of both TA and investment modalities.

Current Approaches to Investment Leveraging in Component A and CASA TAF

Component A supports agri-SMEs to pilot business models that create benefits for smallholder farmers in agribusiness supply chains. This includes pre-investment technical assistance (see Chapter 3) as a key part of interventions which seek to build an evidence base on the viability of investing in agri-SMEs with smallholder supply chains.

CASA TAF mainly provides post-investment TA to DFI investee agribusinesses to improve the inclusivity of their business models, in turn highlighting the efficacy of investing in inclusive business models. In doing so, CASA TAF aims to influence the investment behaviour of DFIs and other investors to favour inclusive models and support their partner agribusinesses to leverage additional investment. CASA TAF has evolved over the years of implementation since 2019, but the core mission of driving enhanced investment and inclusivity in the agriculture remains the same (see Box 1).

Box 1: CASA TAF's Evolving Investment Mandate

In 2021, the second "Centre of Expertise" offering was introduced to FCDO Posts where CASA TAF engaged FCDO Posts to align on agri-investment pain points in country and conduct assessments that empowers FCDO to invest or influence agricultural programming. Where an opportunity is compelling, CASA TAF assisted FCDO Posts to influence donors and governments, or develop its own initiatives to address pain points identified.

In 2024, CASA Plus, an expansion of CASA TAF, was launched with the goal of further driving sector wide alignment, generating greater value and efficiencies for all stakeholders through a shared platform. Leading agricultural investors (starting with BII and FMO) have contributed funds to CASA Plus alongside FCDO (initially over a two year period) between 2024-2026. To address the needs of a growing investor network, a combination of post-deal, pre-deal and market building technical assistance will help participating agricultural investors to 1) enhance the performance and development impact of existing investments; 2) identify and support new high-growth and impactful investment opportunities; and 3) collaborate with other investors, donors and governments to identify and operationalise creative solutions to increase investment in green and inclusive agribusiness models in low-income and lower-middle-income countries.

Also in 2024, CASA TAF launched buy-in projects in Kenya and South Africa, which was an outcome of support provided to FCDO Posts under the Centre of Expertise offering. These projects align with CASA's theory of change but incorporate local context and address specific country priorities. CASA is also supporting FCDO Egypt following analysis conducted in country.

There are similarities and differences in how Component A and CASA TAF approach investment leveraging. These can be seen across four key factors.

Both Component A and CASA TAF work across pre- and post-investment but have different foci. Component A works with smaller agri-SMEs which often have difficulties with knowledge of, and compliance with, investment opportunities. As such, most of its work on investment leveraging is done at the pre-investment phase. However, in some instances, such as the case of Platinum Agribusiness in Rwanda (see Annex 4b), Component A partners are recent recipients of finance that need support to utilise funds effectively. In such instances, Component A provides post-investment TA. In contrast, CASA TAF was designed to exclusively focus on post-investment TA with agribusinesses to deepen the impact of DFI investments in them and highlight the efficacy of investing in inclusive business models. Today, this represents roughly 90% of CASA TAF work on investment leveraging. The remaining 10% of TA reflects CASA TAF's recent additional mandate to work at the pre-investment phase. Through a new CASA Plus platform, CASA TAF will provide pre-investment TA in agribusinesses from the investment pipeline of British International Investment (BII) and FMO16 to accelerate their progress to being investment ready (Box 1). TAF will also engage in market building work for DFIs, scoping specific value chains and potential partners of interest to DFIs in target countries.

16. Dutch Entrepreneurial Development Bank

The maturity of the agribusiness partners influences the type of support required. Component A's pre-investment focus is largely a reflection of the typically (though not always) more nascent stage of development of Component A agri-SME partners, who may be yet to formalise a business model. In contrast, CASA TAF tend to focus on how agribusinesses utilise investment that has already been acquired. This is indicative of the typically more mature and formalised nature of TAF partners, who can already comply with what are often rigorous DFI requirements. The capacity gap between the partners typically seen on Component A versus CASA TAF and associated differential needs mean that the requirements of TA provision are different in terms of both services/activities and level of expertise.[17]

Agribusiness characteristics and programme objectives influence the relevant investment modalities pursued by the components. Component A has primarily looked to leverage debt financing from commercial banks as the source of capital most congruous with the needs and capacities of its partners (see Chapter 2). In addition, due to the challenging economic environments in which it works and the limited capacity of many of its partners, Component A has had to innovate with different types of financing (e.g., tripartite, village savings and loans schemes, and community banks). Component A only tracks performance leveraging private finance. In contrast, as TAF has a core goal of influencing DFI behaviour, it targets and reports against public finance leveraged by its partners.

Investment leveraging aims are reflected in logframe targets. There are several targets related to investment leveraging in the CASA logframe. Some of these apply to both components and others are component specific (Table 2).

Table 2: Indicators Related to Investment Leveraging in the CASA Logframe

Label	Description
Outcome 4	Additional private and public sector investment (GBP value) leveraged into smallholder related agribusiness in CASA-supported businesses' models and value chains. For Component A, this is disaggregated by country and value chain, loans versus equity, and volumes leveraged for climate purposes (ICF KPI 12). For CASA TAF, this is disaggregated by public and private sources of finance as well as finance used for climate purposes (ICF KPIs 11 and 12) and by GBP value of investment into gender initiatives.
Outcome 5	Number of policy and investment decisions by government, investors, agribusinesses and FCDO missions in favour of smallholder related agribusiness as a result of the activities and outputs of the programme, where CASA has plausibly influenced them. Disaggregated by component (Component A and CASA TAF) and further disaggregated by investor/investor stakeholder segment. For Component A, this is also to be disaggregated by country and sector.
Output 2.1 (Comp A)	Number of agribusinesses in target value chains that receive technical assistance to improve their investment readiness. Disaggregated by country and sector/value chain.
Output 2.2 (Comp A)	Number of agribusinesses accessing commercial finance as a result of CASA support. Disaggregated by country and sector/value chain.

17. Sourcing appropriate TA is discussed at length in CASA's recent paper Covey, J. and Savage, W. (2024) *Partnering with Agri-SMEs for Development Impact: Lessons from CASA*. CASA

Wider contextual factors influence investment leveraging approaches. Whilst the above sections have outlined the general approaches to investment leveraging of both Component A and CASA TAF, these must and have been adapted to contextual factors. At a national level, key factors such as prevailing interest rates, the availability of subsidised capital in agriculture (e.g., from World Bank programmes)[18], the availability and reliability of financial products and providers, and legislation around foreign currency can significantly affect the ability of agribusinesses to leverage investment. At the value chain level, variation in investment opportunities can be seen by perception of the sector (e.g., capable of commercialising versus highly risky) and the evidence of growth potential exhibited by companies, both of which will influence the willingness of investors to provide capital to agribusinesses with viable terms. Finally, factors at the individual agribusiness level also influence the kind of support agri-SMEs need to leverage investment, e.g., appetite and experience with risk, state of finances and financial reporting, and internal capacity to meet due diligence requirements and service loan terms. The presence of a nested suite of contextual factors from national- to firm-level that influence the environment in which an agribusiness may be looking to leverage investment requires programmes to be flexible and adaptive to context.

Approaches of Comparator Programmes

Several other development programmes have sought to leverage investment with agri-SMEs, generating learnings that complement the findings of this paper. Three examples are given below.

Comparator 1

Africa Enterprise Challenge Fund (AECF)
(2008-present; key donors include FCDO, Sida, International Finance Corporation, The European Union, Global Affairs Canada, Sungenta, Alliance for a Green Revolution for Africa, African Development Bank, Danida, UN Industrial Development Organisation, DFAT, Kingdom of The Netherlands, and Bill and Melinda Gates Foundation)

AECF is the largest agriculture-focused challenge fund with financing commitments exceeding $500 million and more than 500 SMEs funded. It principally uses grants and repayable grants increasingly coupled with technical assistance to de-risk innovative investments in a wide range of value chains.

The grant component has been crucial in supporting companies to take risks with new approaches to business models that make them more inclusive. Grants are matched by recipients, leading to significant crowding in of additional investment (currently at $1.7 billion). A match-making service with private finance institutions, consisting primarily of technical and financial services to prepare companies to approach the market (investment readiness) and to facilitate connections with potential investors (investment facilitation), has been instituted as a specific component to support the raising of follow-on finance since 2014, becoming an integral part of the advisory services it offers. As the organisation has moved towards funding smaller and more women- and locally-owned businesses, the need for such technical assistance (including investment advisory support) has become almost as important as the associated investment finance.

AECF also highlights the need to work at agribusiness and FI entry points. At the latter, AECF provides de-risking grants to other local financial intermediaries to enable them to provide access to finance for smaller farmers and farm businesses. These local financial intermediaries have local infrastructure, lower operational costs and systems more aligned to managing large numbers of smaller transactions. A major issue here is in understanding the additionality of the funding, especially in the context of making value chains more inclusive, because Monetary Financial Institutions (MFI) have limited capacity to be able to see into the businesses that they fund beyond a basic KYC (Know Your Customer) for compliance purposes.

Comparator 2

AgriFI Kenya (2018-2023, European Union)[19]

AgriFI is an EU-funded challenge fund that ran in Kenya from 2017-2023. The initial aim was to crowd in investment from the European Investment Bank (EIB) by them supplying a credit line to a local partner bank (Equity Bank). This took years to finalise, during which time companies were left with the financial status quo. When the agreement with Equity Bank was finally operationalised, the interest rate and requirements were not materially better than previous commercial offers. In the end, only two intervention partners took (small) advantage of a Euro 120 million credit line. Two key learnings emerging from AgriFI are a) it can be time consuming to broker new arrangements with FIs and there is no guarantee of generating

18. About the AgriFI Kenya Challenge Fund
19. About the AgriFI Kenya Challenge Fund

materially improved conditions, and b) it is important to recognise that just because finance is offered, it may not be possible to access it, or desirable, from the point of view of the agri-SME.

Comparator 3

Enterprise Zambia Challenge Fund (EZCF) (2020-2025, European Union)[20]

The EZCF is an EU-funded challenge fund underway in Zambia and, like AgriFI and other comparators, seeks to stimulate investment in climate-resilient agri-SMEs, including agroforestry, feed and inputs for poultry and aquaculture.

An internal cost-benefit analysis of investments in the EZCF shined light on the additionality grants have had in de-risking and making affordable the commercial investments also going into the business. This learning is in the context of EZCF's design and early implementation phase, when Zambia did not have World Bank-driven concessional interest rates through banks, and therefore meant that lowering financing costs to increase uptake had to be achieved in a different way (as opposed to many of the contexts CASA operates in, where concessional World Bank loans are available). In the absence of these concessional rates, a grant or interest free loan can simply cut the interest and loan costs. However, such grant schemes are not without reporting burden for partner businesses to account for programme funding, and can often be underestimated by the partner.

EZCF partner companies have also shown a variety of drivers for investing and expansion. One company sought to source sunflower seed from an entirely new area of smallholders, near Kasama, some 13 hours' drive from Lusaka, where the processing plant was located. The growing region was not highly commercialised, so the income benefits were clear. However, the commercial reality was that they had an underutilised plant in Lusaka – external supply was limited due to foreign exchange constraints and international supply being disrupted following Russia's invasion of Ukraine in 2022. The expansion of local smallholder supply was therefore hugely important, but it was the profitability of the processing plant investments that was the key commercial interest. The smallholder benefit was a means to a larger commercial end, even if it was highly consistent with their interests. It went ahead, and in November 2024 EZCF noted that the smallholder farmers numbered 11,000. This example highlights the importance of evaluating the whole value chain, not just the smallholder farm gate price, when assessing the value of the project and drivers for investment. The investment value of the project for agro-industrialisation was crucial, but it can be overlooked if just focusing on the smallholder investment of the project. This has relevance for CASA because poultry farmers sourcing feed and engaging out-growers in Rwanda, or soybean SMEs seeking to finance inputs in Ethiopia, or processors seeking fish volumes through aquaculture in Malawi, are dealing with market system or even intra-company profit strategies that are the real drivers for seeking investment, not a benevolent drive to work with more farmers.

Implications of Agri-SME Selection Strategies for Leveraging Investment

The comparator programmes above also provide key lessons on agri-SME selection for investment leveraging programmes. Challenge funds with more open calls for proposals can create more work for agri-SMEs that may not be applicable for support, but they do generate new opportunities. Nevertheless, it is useful to see how EZCF resorted to more managed engagement with aquaculture as a value chain for deal generation within a market system model, not simply opening calls for proposals. Other previous programmes like the DFID Business Innovation Facility were more selective according to criteria, as with CASA. These two differing approaches can be characterised as 'line-fishing' (i.e., specific selection to meet criteria) and 'trawling' (i.e., generating partner engagement through open calls).

There are several reasons programmes may take a 'line-fishing' approach to selection when seeking to improve investment leveraging for agri-SMEs. Programmes looking to overcome specific value chain risk profiles (as with aquaculture and poultry) often require targeted interventions with financial institutions and investors to improve the market system (often starting with one company). Additionally, targeting might be specifically deployed to avoid potential dominance of one incumbent company and stimulate competitors or new service / supplier options. This is being seen with CASA Malawi who are innovating with different financial actors, who in turn see CASA's presence as de-risking proposals and acting as an intermediary to close the finance gap. The relative merits of different partner selection mechanisms are further discussed in the CASA learning paper on partnering with SMEs.[21]

20. About the Enterprise Zambia Challenge Fund
21. Covey, J. and Savage, W. (2024) *Partnering with Agri-SMEs for Development Impact: Lessons from CASA*. CASA

LEARNING CHECKPOINT 1:

Adaptability is essential when approaching investment leveraging with agri-SMEs.

- Smaller agribusinesses are often less able to access finance. CASA was designed on the assumption that targeted support can lead to increased investment in these companies.
- Investing in agribusiness remains risky, with limited evidence available on what does and does not work. Development programmes such as CASA can help to fill this gap by piloting different modes of support to various actors in the agribusiness investment market.
- Some service providers (private sector) and public/development catalytic funds have added investment facilitation to their offerings. This has changed the market for paid services for the 'missing middle'.
- Approaches to investment leveraging, especially in multi-country programmes, must be contextualised to the country, value chain and firm they are being implemented with.
- On comparator programmes:
  - DFI credit lines may not be fast or effective – they must go beyond the normal limitations of commercial finance.
  - Local banks may have strong collateral demands and high interest rates – they may work for short-term loans for cash-strapped farmers, but not be a sufficient solution to the 'missing middle'.
  - Commercial drivers for agri-SME partners are the cornerstone of programmes like CASA (and comparators). They should be understood across the whole business, not just the narrowly defined project.
  - Challenge funds can 'trawl' to find a lot of interested companies and this can drive innovation. However, targeting methods are always ultimately employed and must reach underserved value chains, often ones with few players and requiring specific market system strategies.

2. PORTFOLIO REVIEW: DISTRIBUTION, ATTRIBUTION AND MODALITIES OF INVESTMENT LEVERAGED BY CASA

RQ2: What is the range of investment types and innovative finance solutions that have been leveraged and implemented by CASA partners and what are the pros and cons of each form of investment?

CASA's Achievements in Leveraging Investment

CASA defines investment as including domestic or foreign investors and any money committed by impact investors or formal lenders (e.g., banks, SACCOs, MFIs). These include loans, equities, and guarantees provided through financial institutions to farmers or producer organisations as well as investments in and by partner agribusinesses themselves. By this definition, the total investment leveraged across CASA as of 1 January 2025 was £17,915,051. This total is split across Component A (£9,658,447) and CASA TAF (£8,256,604).

Third-party investment mobilised

Of the total investment mobilised by CASA, £5,485,279 has been realised through third-party investment. Of this, £3,960,532 has come from third-party investment in Component A partners, primarily as debt financing from commercial banks (Table 3). Investment has been leveraged predominantly in Nepal and Malawi as the longest-running programme countries, with Rwanda and Ethiopia deals expected later in 2025.

Table 3: Third-party Investments Leveraged by Component A as of December 2024

Country	Sector	Type of investor	Value of Investment	Purpose of Investment
Nepal	Dairy	Association members share capital	£10,000	Establishment of milk transportation and storage company.
	Dairy	Commercial Bank (Debt)	£42,800	Dairy site construction and purchase of dairy equipment.
	Dairy	Microfinance Institution (Debt)	£35,000	Loan taken by dairy farmers in supply chain facilitated by agri-SMEs.
	Dairy	Commercial Bank (Debt)	£25,000	Purchase of dairy equipment and working capital.
	Dairy	Commercial Bank (Debt)	£933,928	Investment in cheese factory and working capital as milk volume increases.
	Dairy	Commercial Bank (Debt)	£326,071	Construction of new dairy processing facility.
	Dairy	Commercial Bank (Debt)	£65,000	Expand production of dairy products and working capital.
	Dairy	Commercial Bank (Debt)	£67,000	Development of a bulk milk chilling centre and software to digitalise dairy supply chain.
	Dairy	VC (Equity)	£451,000	Expansion across the business.
	Dairy	Commercial Bank (Debt)	£193,000	Expand operations, new products and packaging automation.
	Vegetables	Commercial Bank (Debt)	£530,714	Business expansion.
	Vegetables	Development Bank (Debt)	£50,000	Cold storage and lab establishment; infrastructure and office space development; ketchup production and machinery upgrade.
	CoE	Development Bank (Debt)	£275,000	For factory upgrades to comply with attaining ISO international quality standards and to manage working capital.
	CoE	Commercial Bank (Debt)	£180,000	Funds will be used to set up a new agroprocessing facility.
	CoE	VC (Equity)	£129,000	Purchase of an equity stake. Investment sought to build out service offering for smallholders (loans and input provision).
	CoE	VC (Equity)	£129,000	Factory re-location, expansion of production capacity, machinery purchase and to develop and launch new products.
Malawi	Poultry	Commercial Bank (Debt)	£200,000	Investment in equipment (bridging finance).
	Aquaculture	Commercial Bank (Debt)	£3,570	Working capital finance towards production of fingerlings for supply to smallholder out-growers.
Uganda	Beans	Development Bank (Debt)	£125,000	Purchase and provision of farm inputs.
	Sesame	Commercial Bank (Debt)	£80,000	Input credit.
	Sesame	Commercial Bank (Debt)	£109,449	Produce aggregation.
TOTAL				**£3,960,532**

An additional £1,524,747 of third-party investment has been leveraged across six CASA TAF partnerships (Table 4).

Table 4: Third-party Investments Leveraged by CASA TAF as of March 2024

Country	Sector	Type of investor	Value of Investment	Purpose of Investment
India	Dairy	Public (grant)	£17,745	Raw material purchase.
Rwanda	Maize	Private (debt)	£314,475	Raw material purchase.
Ghana	Cocoa	Public (grant)	£85,470	Extension services and farmer engagement.
Kenya	Coconut	Private (debt)	£378,787	Raw material purchase from smallholders.
		Private (angel investor)	£174,242	Working capital.
		Private (debt)	£249,999	Raw material purchase and distribution development.
Tanzania	Coffee	Public (grant)	£34,188	Cooperative engagement.
Ethiopia	Edible oils	Public	£269,841	Technical assistance.
TOTAL				**£1,524,747**

As shown in Tables 3 and 4, Component A has mainly leveraged finance for infrastructure development, whilst CASA TAF has mainly sought funding for service provision (such as on engaging smallholder farmers). This is largely a reflection of the different stages of maturity of partner firms, where CASA TAF partners have already realised most of their infrastructure ambitions. Despite some differences, agribusiness partners of both Component A and CASA TAF have utilised leveraged investment for working capital, reflecting the continual need for agribusinesses to invest in their operations, especially around the procurement of raw materials.

Investment mobilised through partner cost-sharing

Of the total investment mobilised by CASA, £12,429,772 has been realised through agribusiness contributions to cost-shared CASA interventions. To date, investment mobilised through Component A partner contributions to cost-shared interventions totals £5,697,915 (Table 5). A further £6,731,857 of investment has been leveraged through the contributions of CASA TAF partner agribusinesses to cost-shared interventions (Table 5).

Table 5: Private Investment Leveraged by Component A and CASA TAF through Partner Contributions to Cost-shared Interventions

Country/ Component	Total Number of Partnerships	Total Partner Financial Contribution	Partner Contribution as % of Total Budgets
Malawi	27	£884,780	39%
Nepal	37	£3,144,433	62%
Ethiopia	6	£270,468	48%
Rwanda	11	£682,344	42%
Uganda	10	£715,890	60%
CASA TAF	21	£6,731,857	70%
TOTAL	**112**	**£12,429,772**	

Geographic distribution of investments

For Component A, which focuses on implementation in four countries, it is possible to provide insights into the geographic distribution of leveraged third-party investment. Nepal has the largest amount of total investment leveraged (£3,442,513), average investment size (£215,157) and total number of investments (16) (Table 6). These are almost all debt finance from commercial banks which benefit from the favourable World Bank subsidised 5% interest rate deal for agri-SMEs. This trend is likely to continue in Rwanda and Ethiopia with their similar World Bank subsidised lending arrangements, and Malawi receiving a similar finance vehicle in 2023. The relative success of CASA in Nepal versus in Malawi highlights the importance and impact of economic landscapes in defining the success of leveraging investment with agri-SMEs.

Table 6: Geographic Distribution of Third-party Investment Leveraged by Component A

Country	Number of Investments	Total Investment Leveraged	Average Investment Size
Nepal	16	£3,442,513	£215,157
Malawi	2	£203,570	£101,785
Uganda	3	£314,449	£104,816

There is also variation in the amount leveraged through cost-sharing agreements in Component A countries (Table 5). Higher partner contributions in terms of both total amount and as a percentage of overall project budgets in Nepal is likely indicative of the more commercially developed agri-SME partners, compared to the relatively nascent nature of many partner agri-SMEs in Malawi. Other potential explanatory factors include the wider economic contexts of the countries, and the negotiation strategies of the implementation teams (i.e., can negotiate harder where there are more possible partners). The notion that firms' commercial development influences cost-share contribution is supported by the fact that CASA TAF, which generally has the larger and more commercial agribusiness partners, has leveraged more cost-sharing than Component A across fewer deals and at a higher percentage of total project budgets.

Variation in cost-sharing contributions of partners across Component A companies has also been influenced by the appetite of agri-SME partners to seek third-party investment/finance to raise their contributions to the partnership. For example, in Rwanda, 17% of the total intervention value (£281,892) came through third-party investment that was used to bolster the amount of finance that the agri-SME could bring to the partnerships. In each of these four instances, the capital was acquired through a commercial loan (three of which were at favourable interest rates through the World Bank CDAT scheme) prior to the CASA business plan being signed, without support from CASA – although in some instances the guarantee of CASA gave assurance to the FI providing the capital. These loans have not been counted under CASA's third-party investment achievements. It should be noted that there is a level of risk associated with planning interventions based on the availability of third-party finance. Whilst it can allow for more ambitious programming and intervention by boosting available capital, these potential returns must be weighed against the risk of third-party financing failing to materialise. In the case of CASA in Rwanda, partnerships relying on third-party investment were only signed once that investment had been secured.

Whilst CASA Nepal has, to date, led the way in deal size and number, a crucial lesson emerging from a review of the CASA portfolio is to not de-value the importance of pursuing innovative finance models in challenging economic environments such as those experienced in Malawi. Whilst quantitatively small in terms of the amount leveraged in the first instance, such innovations have the potential to open new pathways to leveraging investment for agribusinesses working in challenging economic environments and therefore increase the overall impact on investment leveraged over a longer timeframe. This is further appraised below, where the modalities of agri-SME investments are explored.

Associated Opportunities and Challenges of Investment Modalities

Despite having predominantly seen success in leveraging shareholder capital and retained income towards cost-sharing and debt financing from commercial banks under third-party investments, there are a variety of forms of investment pursued by CASA, reflecting the variable status and needs of the agri-SME partners. Broadly, the types of investment targeted by CASA can be categorised into internal (endogenous) and external (exogenous) sources. Possible internal investment sources for agri-SMEs include shareholder equity and retained income. Possible external sources include, but are not limited to, investments from DFIs and other public bodies, commercial bank lending, equity investing, quasi-equity and guarantees, intra-value chain financing, and village savings and loans/ community finance institutions. A glossary defining these forms of investment in the context of CASA is provided in Annex 1. Table 7 highlights the perceived opportunities (pros) and challenges (cons) of the six investment modalities deemed most relevant to the programme.

Table 7: Modalities of Investment Utilised by CASA Component A and CASA TAF

Investment Type	Description	Pros	Cons	Influence of Political Economy of CASA Countries
Debt finance (from banks)	Capital loans from the mainstream banking sector for equipment or working capital, with fixed term or specified terms. Investment assessments for loans largely depend on evidence of future income. Collateral requirements are used but seen to be expensive or unreliable, reflecting the risk aversion common in commercial banks.	Allows a company to expand without losing equity or control of the business. Can force a degree of rigour in terms of business and financial planning and ensure that the company is legally compliant through due diligence. Where loan subsidy schemes exist, they can reduce the cost of borrowing and increase agri-SME appetite for acquiring debt.	Nepal's experience is that the debt financing process is tedious, and agri-SMEs often lack the capacity to engage properly in bank processes. They are also often unaware about agri-based financing products. External factors like liquidity crises and central bank regulations also matter and have been particularly influential in Malawi. The banks may approve a loan, but disbursement may take time.	The efficiency of bank lending is strongly a reflection of the maturity of the financial sector but also the political economy in which it operates – interest rates, exchange rates, access to foreign exchange, volatility of and dependency on agricultural commodity markets. In the cases of Malawi and Ethiopia, these problems strongly dictate bank lending rates and uptake. World Bank initiatives to offer concessional rates seem to have a strong positive impact on uptake.
Equity investment	Investment is leveraged through the sale of a proportion of the company in the form of shares.	Beneficial for companies that have reached a limit in the amount of debt they are willing to shoulder but still require additional finance. Can also be associated with an injection of expertise and/or networking opportunities.	Equity investors are often much more prescriptive with companies, which can lead to challenges on the vision for the path forward. This can be a trade-off for any potential benefits arising from additional skills that can be mobilised through the investor.	A nascent private equity and venture capital market in Nepal was initially challenging to penetrate from an agri-SME entry point due to lack of prior engagement and understanding between parties. However, working through the FI entry point has led to more success.
Tripartite	An investment / lending deal between three parties. For example, seasonal input financing whereby a financier (e.g., Palm Capital) provides loans for smallholders to purchase inputs, and then recoups payment from the agri-SME (e.g., Viphya Chambo, Annex 3c).	Providing finance to the smallholder is de-risked because there is evidence of an established offtaker / market. Payment is easy through deductions from the agri-SME rather than seeking payment from hundreds of farmers.	Interest rates can be high in seasonal financing – however, the loan is short-term, and this mitigates the high nominal annual figure.	Financial markets for tripartite models can be more common in some countries but still underdeveloped in countries like Malawi. Poultry and aquaculture are still seen as higher risk. In poultry, there is a concentrated supply with an incumbent, offering loans as a means of takeover and dependency. In this context, a functioning finance market has strongly positive competition effects.
Village Savings and Loans Associations (VSLA)	VSLAs are community savings institutions that provide affordable small loans to members, with lower formal compliance requirements. They can also act as a source of capital for agri-SMEs, e.g., Yalokolo (Annex 3d)	Working through VSLAs can create strong local benefit, and local presence and knowledge can have positive monitoring effects.	Possibly limited pooling of risk through a larger financial system – business failure could have wider negative ripple effects locally.	Local lending within a Special Purpose Vehicle (e.g., Yalokolo) is innovative and a reflection of the limited options that rural Malawian SMEs have available. However, this novelty can raise apprehension amongst some stakeholders.

Investment Type	Description	Pros	Cons	Influence of Political Economy of CASA Countries
Owner / shareholder	Where owners or shareholders mobilise their own capital to cover the capital expenditure of the company.	Can help companies avoid punitive interest rates and encourage them to only spend on the core essentials due to the usual limitations of the amount of personal capital that can be mobilised (e.g., Nyaluwanga Farms Ltd, Annex 3b).	Can increase personal exposure to risk and does not come with any benefits of other sources of capital, e.g., expertise that may come with equity investments.	Owner and shareholder investment can be compromised by currency devaluation if no external savings exist. For example, the Malawian Kwacha has seen a series of devaluations, meaning every Kwacha earned is of lower value in dollars or other hard currencies that are often used to import equipment.
Public / DFI	Most countries will have either governmental or DFI schemes to support SME investment in targeted sectors or geographies.	DFIs see the potential of the agriculture sector to drive economic growth. TA can help increase the prevalence and build evidence of inclusive and profitable business models.	There can be a risk of crowding out of private finance options, or favouring one cohort of SMEs or market actors over others. Reporting requirements can be demanding.	Preferred instrument in most CASA countries is World Bank support to offer concessionary financing models to targeted SMEs through state or commercial intermediaries. This transfers risk to DFIs but may not help alternate financing options (e.g., equity, new financial services).
Informal finance	In countries with poorly functioning formal financial sectors, informal financing commonly takes place. For example, cross-financing from other ventures, or raising finances through friends, family, community – particularly in the diaspora – or associates (remittances).	Often allows businesses who are not compliant with the requirements for commercial / formal financing to access capital.	Unregulated environment highly contingent on trust and social ties, which can be both a challenge and a strength. Currently, informal financing is poorly understood by donors and is often kept private by the stakeholders involved. However, there is a growing recognition of its importance for agriculture.	Many of the countries CASA works in have strong middle classes both internally and among diaspora communities externally. However, the extent of informal financing received by CASA partners is poorly understood.
Climate finance	Local, national or transnational financing – drawn from public, private and alternative sources of financing – that seeks to support mitigation and adaptation actions that will address climate change.	If mobilised, climate finance can represent a concessional finance opportunity for agri-SMEs which can improve the resilience of their businesses and create additional benefits of resilience, adaptation and, where possible, mitigation for smallholder farmers in their supply chains.	Climate finance mechanisms in agriculture are lacking in maturity but emerging. As such, there is generally a poor understanding of how they can be capitalised on by agri-SMEs. Additionally, there is a significant gap between needs and flows of climate finance to small-scale agri-food systems.[22]	Climate finance can require long-term commitments regarding land use, and currently in the largely voluntary market there can be wealth imbalances that may not favour poor smallholders (as with other topics). However, stronger regulation of carbon markets may offer an opportunity to use that finance for CASA countries' strategic interests.

22. Chiriac, D., Vishnumolakala, H., Rosane, P. (2023) The Climate Finance Gap for Small-Scale Agrifood Systems. Climate Policy Initiative

RQ5: Are climate change-related risk assessments/requirements enhancing, neutral or even a barrier for leveraging investment?

In addition to the modalities outlined in Table 7, CASA has recently sought to better understand the connections between climate change and its investment leveraging work. This is particularly pertinent given that CASA has been fully financed by UK International Climate Funding (ICF) since 2021. ICF funding means that climate has become a core focus of the programme[23]. CASA is now accountable to reporting against ICF KPIs 11 and 12, which respectively capture the volume of public and private finance mobilised for climate change purposes as a result of ICF-funded projects. In the context of programmatic objectives and increasing climate change pressures on the agriculture sector, it is important to evaluate both how climate-related risks are impacting investment priorities and decisions and what climate finance opportunities exist and how CASA might connect its agri-SME partners to them. An initial assessment of the links between climate and CASA's investment work is provided below.

How climate factors shape investment decisions

Financial sector actors have been quicker to respond to carbon financing, as the first monetised payment for nature-based services through voluntary carbon markets, than they have been to recognise climate smart practices as de-risking everyday commercial investments. This said, climate-related risks, which are significant in agriculture, are becoming more influential in the decisions of investors, making it increasingly likely that agri-SMEs will have to conduct climate-related risk assessments to attract financing. Indeed, the CASA Programme has adopted an increasingly rigorous climate risk assessment methodology at the intervention design phase of its programming.[24] Despite the likelihood that climate risk assessments will be increasingly influential in investment decision-making, to date, information gaps exist. In Malawi, two local DFIs [Export Development Fund (EDF) and the Malawi Agriculture and Industrial Investment Corporation (MAIIC)] and NBS Bank reported that their planning around climate finance is generally undermined by a lack of clear evidence of the link between mitigation infrastructure such as irrigation, greenhouses and water pumps and productivity/profitability insurance, which would help them to make informed commercial decisions on the level of risk or opportunity they can take around climate financing. This highlights the need for CASA and other development programmes to help plug such information gaps, to support rigorous climate risk assessments that identify appropriate and feasible mitigation and adaptation measures in support of investment.

Climate finance opportunities for CASA partners

In addition to assessing the impact of climate change risks on decision-making and leveraging investment, it is also important to consider climate finance as a source of investment for agribusinesses. In terms of carbon financing, progress has generally been made in areas where there is clarity on the attribution of carbon sequestration effects, such as in forestry and agroforestry, but is slower in supporting better agricultural practices (e.g., lower fertiliser use, no-till) as there is not yet agreement that these interventions sustainably sequester carbon and a lack of robust attribution indicators.

To date, no specific climate finance has been leveraged by the CASA Programme, reflecting a lack of knowledge on relevant opportunities and barriers to entry for CASA partners. For example, several CASA TAF partners have approached the implementation team asking if there are opportunities for them in the climate finance space. In such instances, TAF has linked these firms with TA providers who can assess the viability of climate finance opportunities on a firm-by-firm basis. In most instances, it has been the case that TAF partners are unable to sequester carbon at the scale required to meaningfully engage with carbon markets. For example, a coconut processing company was experimenting with biochar payments and engaged a carbon project developer to support them in acquiring carbon credits. However, at the initial stage, it became clear that the firm did not meet the threshold for the amount of carbon sequestered for a project to be viable. This highlights that, if aiming to connect partners with climate/carbon finance opportunities, development programmes must include potential for carbon sequestration at scale as a key criterion in both value chain and partner selection. Lessons can be learned from programmes such as the CLIC Connector that have had success in this field.

23. Mahmud, S., Covey, J., Hébert, R. (2024) Adapting Agriculture Programmes to Address Climate Change: A Case Study from the CASA Programme. CASA.

24. Mahmud, S., Covey, J., Hébert, R. (2024) Adapting Agriculture Programmes to Address Climate Change: A Case Study from the CASA Programme. CASA.

TAF also developed a market study in Mozambique focused on the opportunities in the voluntary carbon market, which provided evidence and strategic recommendations for FCDO Mozambique's agricultural programming, suggesting routes to trialling various modes of agribusiness engagement with carbon markets. With regards to climate finance options that may be explored in the remaining two years of CASA, there may be scope to promote direct carbon financing through partnership with FIs. For example, The Cooperative Bank of Oromia in Ethiopia is partnering with Rabobank to roll out its ACORN carbon markets platform for smallholders.[25] ACORN is also being assessed for rollout in Southern Malawi in the tea sector, and this may inform options for other Malawian smallholder groups in future.

Despite the challenges experienced to date in accessing specific climate finance, there remain opportunities for CASA to utilise investment for climate purposes. CASA's reporting on ICF KPIs 11 and 12 will go beyond assessing where climate finance (e.g., from carbon markets) has been leveraged to include a retrospective analysis of the funds leveraged through intervention cost-sharing and third parties to identify the amount mobilised for climate purposes. Climate measures which might have been supported through leveraged finance include soil improvement, water management, efficient meat production (like poultry and aquaculture for CASA Rwanda and CASA Malawi), drought resistant crops (like soybean for CASA Ethiopia), and appropriate dairy farming (like dairy in marginal uplands with CASA Nepal), which can all contribute to climate resilient livelihoods through improved incomes, cost reduction, and food security.

Reflections on Attributing Investment to CASA TA Support

As with many investment leveraging projects, CASA has faced challenges in attributing agri-SME success in investment leveraging to its activities. There are three key reasons for this. Firstly, investors/lenders are often not forthcoming with details on why they made the decision to invest, especially not with entities (such as development programmes) outside the investment arrangement. Secondly, whilst providers of investment facilitation generally include some sort of reporting on the finance raised as a result of their endeavours, there is no standard agreed approach across programmes. Finally, as investment facilitation usually requires engagement of multiple actors offering different services over time, in most cases it is not possible to identify the specific advice that facilitated the transaction. Therefore, most development programme service providers claim responsibility for any funds raised by the companies that they work with regardless of the level of engagement. Some more structured attribution has been attempted on projects that include a results-based payment component, such as the FCDO-funded programme Manufacturing Africa, who also use an attribution percentage on a deal-by-deal basis.[26]

The CASA MRM Manual states that *'In order to be counted as linked to CASA intervention, there must be records showing that a relevant and credible external stakeholder has identified a meaningful contribution made by CASA toward the investments made. These records, which can include second and/or third-party emails, will be supported by a narrative on CASA's role to the realisation of the investment and recorded in a database of 'countable' investments maintained across the programme.'*

25. Acorn at Rabobank: Planting a better future with smallholder farmers
26. Our Impact, Manufacturing Africa

Through CASA's experience, two key lessons have emerged with regards to attributing leveraged investment to development programmes.

1. When determining attribution, it is important to consider all modalities of investment and how they can be attributed to the work of the programme.

Component A had initially just been tracking and reporting instances where companies had received more traditional sources of finance, typically debt financing from commercial banks. However, as the programme developed, it emerged that it was important to capture information on alternative sources of finance, which, despite not amounting to large deal sizes, are significant in their ability to innovate pathways to finance in challenging macro-economic conditions. For instance, sometimes the investment is happening within the agri-SME's business venture supported by CASA, but it is entering the model through a different route. One example is the tripartite funding provided by Palm Capital, a Microfinance Institution (MFI) in Malawi (Annex 3c), which is going to smallholders and not directly to the agri-SME – yet it is a) core to the business model and it is b) firmly caused by the agri-SME acting as an offtaker that is providing (as good as) guaranteed income to farmers taking on input financing debt. The pathway to attribution for these more innovative and less-linear forms of financing may be different to those used for more traditional commercial loans. In many instances they will be easier to attribute, especially if the programme has brokered the relationship between the two parties, as was the case between Palm Capital and Viphya Chambo. Whilst the attribution pathway may be clear in such examples, to date CASA has not included these loans accessed by smallholders in its investment leveraging targets, which were initially designed with more mainstream, bilateral, pathways to investment leveraging with firms.

2. Investment can be linked to CASA's programming where a) CASA has directly supported a business's investment application; b) CASA has supported a business model which attracts investment; or c) where CASA supports an existing company and business model to leverage investment either better, faster and/or at lower risk.

In the first instance, CASA can directly contribute to an investment if it is pivotal to the success of the business model being implemented or scaled by CASA and the business lacks the capacity to leverage this investment at the point of partnership. In such instances, CASA can directly support partner agribusinesses with investment-specific technical assistance such as investor engagement, facilitation of deal-making, or preparation for investor/lender due diligence (see Chapter 3). Here, CASA support is directly related to the successful leveraging of investment and the question for attribution is 'did CASA support enable the business to access this finance?'. In the second instance, businesses may already have the internal capacity to leverage investment, but require CASA support to go ahead with the business model for which they are seeking investment, e.g., in designing a new contract farming model. For Component A and CASA TAF, this is where the investment is core to the inclusive business model being supported by CASA, is driven by the business model, and has been acquired with the help of CASA support. Here, the question becomes 'is the leveraged investment predicated on the CASA-supported business model?'. In the final instance, the company may already have the business model and internal capacity necessary to leverage investment, but, through CASA support, have managed to access the capital either better, faster, and/or at lower risk. This is the most challenging instance for attribution, and requires insights from either the business or the investor/lender, or the documentation of a plausible and evidenced narrative on how CASA contributions have led to investment being leveraged.

Whilst CASA has taken a more qualitative approach to attribution of investments leveraged on the programme owing to the fact it is one of many key logframe targets across the programme, there are examples within the wider FCDO portfolio of investment leveraging programmes with more rigorous and quantitative additionality and attribution assessments. For example, the strategic evaluation report for the Climate Public Private Partnership (CP3) programme[27] provides extensive documentation on attribution and additionality methodologies for both leveraging investments and for investments made by programmes having catalytic effects.

LEARNING CHECKPOINT 2:

Reviewing the CASA portfolio

- CASA has leveraged a total of £17,915,051 (£9,658,447 Component A; £8,256,604 CASA TAF). Of this total, £5,485,279 is from across third-party investment (£3,960,532 Component A; £1,524,747 CASA TAF) and £12,429,772 is from partner contributions to cost shared interventions (£5,697,915 Component A; £6,731,857 CASA TAF).
- Attribution of investment is challenging, and different approaches should be taken to accommodate different agribusinesses sizes and modalities of investment.
- The amount of investment leveraged through third parties and contributions to cost share is inevitably influenced by macroeconomic conditions in the countries of implementation.
- The most common modality of investment leveraged by CASA has been private debt finance, predominantly from commercial banks (76% of all third-party finance).
- CASA remains interested in exploring the opportunities available in other modalities of investment, including equity investment, tripartite arrangements, village savings and loans schemes, owner/shareholder capital, informal finance and climate finance.
- Climate risks are likely to become increasingly important in investor decision-making but have not influenced CASA investments leveraged to date.
- Specific climate finance opportunities are challenging for agribusinesses to access, and a greater understanding is needed amongst agribusinesses, development organisations, and financing institutions to explore these further. CASA is beginning an assessment of the amount of the total investments leveraged that has been used for climate purposes to report against ICF KPIs 11 and 12.
- Information gaps remain for FIs on the value of climate finance and its implications for productivity/profitability of investee agribusinesses. Programmes such as CASA could look to play a supporting role in filling these gaps through their reporting and knowledge generation.

3. LESSONS ON DEPLOYING TA FOR PRE-AND POST-INVESTMENT AGRI-SMES

RQ3: What are the most effective supporting activities/interventions for leveraging different forms of investment, including climate finance? Are there any activities/interventions that have been shown not to be effective?

RQ4: What are some of the challenges experienced when supporting agri-SMEs and agribusinesses to leverage investment (including climate finance) and how can/have they been overcome on CASA?

How Investment Ready Were CASA's Agri-SME Partners?

The premise of CASA Component A is that companies need support to become investment ready. Whilst this is demonstrably true in many cases, there is significant variety in the starting points of, and therefore level of support required by, different agri-SME partners. Some partners required their financial records and compliance to be ready for CASA support and due diligence and requirements from lenders and investors. Others needed business model viability assessments (a priority highlighted in investment consultation – i.e., is there going to be reliable or predictable income flowing in to guarantee the investment?). Others needed a full business plan to be able to accurately describe their business and investment proposition. In other cases, companies or organisations were more established and, in some, quite familiar with taking on loans and were therefore requesting CASA support to leverage (and utilise) investment as a result of implementing their business model better, faster or at lower risk using CASA TA and country team support.

With companies who expressed an interest in pursuing investment[28], CASA had to initially determine two key factors in discussion with partners:

(1) What investment do they want and why, and would taking it be a sound business decision?

Initially, through open discussions with the partner, CASA determines the investment needs and accordingly what modality of investment is most suitable. An important learning has been on the importance of not just facilitating loan applications, but supporting companies to critically evaluate different modalities of investment and even if taking on additional investment represents a sound business decision, lest it act as an additional burden or represent an un-manageable level of risk. In some cases, the companies decided through the process that even though they had been approved for debt finance, they would not take it up and instead fund expansion themselves (see the example of Nyaluwanga Farms in Annex 3b). At this phase, it is also essential to assess if the company is only seeking capital, or if they also require other services/add-ons such as expertise or access to new markets, as this will influence the modality of investment that is most suitable (see Figure 1, Chapter 4).

(2) What capacity gaps need filling to acquire and successfully utilise this investment?

Once the nature of the required investment is established, it is then essential to determine what support the partner requires to both acquire and utilise the investment. Through a process of co-creation that combines the needs of the agri-SME partners and diagnostic work of the CASA implementation team and TA providers, CASA looks to design a package of TA that can fill the needs of the partner in either leveraging new or utilising existing investment. Owing to the diverse operating contexts and needs of CASA partners, the provided TA is always tailored to the needs of the partner. Despite this variation, it is possible to group CASA's TA provision for investment into a typology, which is presented alongside examples from specific partnerships in the section below[29].

28. Leveraging investment was not seen as a priority by all agribusiness partners and therefore not all CASA partnerships have involved investment leveraging activities.
29. Full case studies of many of the referenced partnerships are provided in Annexes 2-5 to this paper.

A Typology of Technical Assistance for Investment Leveraging

Across Component A and CASA TAF, there have been multiple TA offerings to support agribusiness partners to leverage and effectively utilise investment. The TA offered by CASA can be categorised along two axes (Table 8). Temporally, TA is divided into that provided to partners to help them leverage investment (pre-investment TA) and that provided to effectively utilise investment already leveraged independently of CASA (post-investment TA). Thematically, the TA can be further divided into TA that specifically targets investment leveraging or utilisation and TA that more generally addresses core business functions with the aim of making the agribusiness more investment ready. The important differences seen in TA provided along these axes is summarised below and followed by a deeper explanation of each TA modality offered by CASA and what can be learnt from its implementation thus far.

Table 8: A Typology of Investment-related TA for Agri-SMEs

Investment Specific TA vs Core BDS TA	Pre-vs Post-Investment Support	
	Pre-investment Support Examples	Post-investment Support Examples
Investment Specific TA	**1.** Profiling and engaging potential investors/ lenders and types of investment for suitability	**8.** Managing the relationship with an investor
	3. Direct facilitation of deal-making and co-creation of new investment arrangements	**9.** Monitoring and evaluating success and return on investment
	5. Preparation for investor/lender due diligence	
Core BDS TA	**2.** Capacity development of core business operations	**6.** Developing technical specifications for effective utilisation of sought capital or newly acquired assets
	4. Preparation and modification of a business plan for mobilising investment	**7.** Improving inclusivity of investments
	6. Developing technical specifications for effective utilisation of sought capital or newly acquired assets	

Technical Assistance at Pre-and Post-investment Phases

CASA has experience in working in providing both pre- and post-investment support to agri-SMEs. CASA pre-investment support aims to enable agri-SMEs to pursue further funding through financial institutions (FIs) who typically have stronger due diligence/investment readiness conditions than what is required for CASA partnership. CASA Component A has tended to support proof of concept / pilot stage and revenue growth. This has often required investment readiness TA to establish the business case for new activity and growth, recognising that the business model often needs advice and expertise as much as, or as a precursor to, funds. Such pre-investment TA can come through the lender, either through rigour applied by a lender (e.g., banks pressing for due diligence and evidence of a business case) or as a key component of equity deals (i.e., the equity investor sees operational or capacity gaps that can be improved by their presence), or through private sector service-providers. However, as CASA partners are often poorly aware of and connected to such sources of TA, which are also often lacking in availability and quality in developing economies, CASA steps in to facilitate.

In other cases, Component A agri-SME partners have already received investment and require TA to ensure the finance is well operationalised to deliver the growth it was envisaged to catalyse. This is categorised as post-investment TA. Due to the various maturity and investment stages of its agri-SME partners, Component A remains open to providing, and indeed has provided, both pre- and post-investment support (Table 8). In contrast, CASA TAF has almost exclusively worked at the post-investment stage through its mandate to improving the inclusivity of business models that received DFI and impact investment and highlighting the efficacy of investment in inclusive business models to both DFIs, other investors, and agribusinesses.

Core BDS versus Investment Specific TA

Depending on the stage of maturity, agribusinesses may require core business development TA or investment specific TA. The smaller agri-SMEs working with Component A, who have less operational maturity and are more likely to rely on informal practices which are not conducive to leveraging investment, often first require general/core business development support to bolster their internal capacity (e.g., see below sections on capacity development of core business operations, preparation and modification of a business plan for mobilising investment, and developing technical specifications for effective utilisation of sought capital) before being ready to seek investment. In contrast, with more mature agribusinesses that already have robust internal processes, the barrier to leveraging investment is often predominantly caused by a lack of knowledge on types of investment opportunities and how to access them, inability to accurately calculate and weigh up risk, and difficulties in complying with what are often rigorous and particular investor requirements at the due diligence phase. These agribusinesses can benefit from specific investment and access to finance TA.

It is important to note that many programmes, including CASA, offer both core BDS and investment specific TA when supporting companies to leverage investment. To date, there remains a lack of clarity on which is more effective. For example, a recent IFAD report found that core business development services were more effective in raising finance than specific access to finance advisory support.[30] As such, programmes targeting investment leveraging for their partners should remain open to offering specific and general TA.

Deployment of TA for Investment across the CASA Portfolio

In this section, the nine categories of TA offered by CASA to support agribusinesses to leverage or effectively utilise investment are explored, offering insights on empirical examples from which opportunities and challenges can be drawn. Of these, five can be categorised as pre-investment and three as post-investment. Across the other axes, four can be categorised as core BDS TA and three as investment specific.

1. Investor Engagement and Profiling for Agri-SMEs (Pre-investment; Investment specific)

What and why: Investor engagement is assistance to either agribusinesses or FIs to promote connections and understanding between the demand (agri-SME) and supply (FI) sides of agricultural financing and investment. CASA has observed that TA on investor engagement helps to overcome the information gaps that exist amongst both agri-SMEs and FIs with regards to the location and nature of actors, their needs, and opportunities for collaboration. Overcoming these knowledge gaps is fundamental to addressing the ‘missing middle’ of agri-SME finance. At the agribusiness entry point, many CASA partners have required support in identifying, appraising, and engaging potential investors as among the first steps in their investment leveraging journey. From an FI entry point, direct engagement can help foster willingness to engage with and then formalise connections with agribusinesses, with CASA supporting FIs to pilot this, in turn de-risking the process.

CASA examples from an agribusiness entry point: CASA provided Mangalam Dairy in Nepal (Annex 2a) with pre-investment TA through an investment specialist to scope potential FIs. This involved a thorough analysis of the lending criteria of several FIs. The consultant coordinated with several commercial banks to understand various loan schemes, identifying suitable agricultural loans at subsidized rates for which Mangalam qualified. This comprehensive support facilitated Mangalam’s efforts to secure the necessary debt financing for the construction and operationalization of their dairy plant under the best possible conditions. Similarly, CASA established Nepali vegetable producer Paicho Pasal’s (Annex 2c) eligibility for agricultural loans with minimal interest rates by scanning existing loan options and selecting an agri-loan from a commercial bank after comparing interest rates from different FIs.

In addition to support to identify possible investors, CASA has also found it effective to support agri-SMEs to develop engagement tools, such as pitch decks, to improve their chances of leveraging investment. For example, Paicho Pasal (Annex 2c) used a pitch deck and documentation co-created with CASA to secure investment from their shareholders, enabling it to expand and improve operations, even though the original purpose of the pitch deck was for an investment meeting with eight private equity firms, after which negotiations did not continue. This highlights the value of ensuring the engagement tools are adaptable to different investors, as the needs and desires of what the company is looking for may change during implementation.

30. ISF Advisors (2023) Effectiveness & Efficiency of Business Development Services (BDS) for Agri-SMEs.

The efficacy of supporting agri-SMEs to engage with investors has been confirmed by investors. In discussion with the Bank of Kigali and a VC firm, both parties encouraged CASA teams to engage investors as early as possible in the process of supporting agri-SMEs to leverage finance. This was seen as important owing to the increasingly specific requirements and interests of different investment organisations, which were seen as key steering points around which TA to agri-SMEs seeking to leverage investment should be designed. This echoes the experience of the Nepal team, who note that when there is an early engagement of agri-SMEs with PE/VC firms, agri-SMEs can tailor their growth strategies and operational frameworks to be more conducive to receiving investment. It also enables agri-SMEs to gain insights into the specific requirements and preferences of potential investors. This can include understanding the metrics and milestones that investors look at, such as revenue growth, customer acquisition rates, or operational efficiencies. Business development services can then be tailored to meet these metrics to make a company more attractive to investors.

CASA examples: From an FI entry point, CASA is working with BDO East Africa Rwanda – a business services provider serving the Development Bank of Rwanda (BRD) for deal generation with agri-SMEs – to help improve their understanding of agri-SMEs as viable target customers (Annex 4c). In turn, BRD and commercial banks will benefit from reaching skilled business owners who may otherwise have been unwilling to borrow at previous unfavourable commercial rates. Under this intervention, BDO is currently supporting three agri-SMEs in investment readiness programmes which provide individualized preparation, training and mentoring that are designed to overcome the constraints these agri-SMEs face in accessing investment. The support has been in three phases: Firstly, support towards lender/investor assessment, i.e., setting up internal management and financial systems, development of legal documents and comprehensive business plans for each as well as identifying investment criteria and team assessment. Secondly, BDO provide support on companies' market assessments, operational efficiency and intellectual property protection, customer acquisition and retention, and scalability assessment reports, all improving evidence of future income generation as a key factor sought by investors. The last phase covers direct support in investor engagement and due diligence leading to negotiation and deal closing.

In Malawi, there have been discussions with Centenary Bank, whose parent BFI's (in Uganda) lending model focusses on VSLA. Centenary Bank in Malawi seeks to pilot the same model there and considered that working with the VSLA farmer groups under CASA's partners would de-risk their pilot lending model. This interaction highlights how, through entering through and engaging with FIs, development programmes can facilitate improved mechanisms for agribusiness borrowing. Whilst this targeted work was initially put on hold by the Bank whilst they were resolving their internal operations (a common challenge when working with banks), it has now been resuscitated. CASA has identified and shared with the Bank 25 VSLAs under three partner agribusinesses, which will be considered by the Bank for potential credit financing of these enterprises, using the VSLAs as a de-risking framework.

The value of directly engaging FIs is also seen in CASA TAF's work to support DFIs with market-building activities to develop a pipeline of potential investees in new geographies, filling the information gaps that exist on potential agribusiness customer bases. CASA TAF has also offered to support DFIs by providing pre-investment TA to agribusinesses in their pipelines to get them ready for investment, both de-risking and improving the inclusivity of DFI activity. This engagement from CASA TAF has contributed to DFIs buying-in to the CASA Programme to form a new component (CASA Plus), creating opportunities to leverage investment for additional agribusinesses in new sectors and geographies.

Multistakeholder engagement events: CASA has also sought to facilitate linkages between partners and potential financiers through tailored investment summits in both Nepal and Malawi that have included investment tours as part of the event programming. Both events stimulated positive responses from agribusiness and FI participants, who particularly valued the opportunity for honest conversations on the needs of and challenges experienced by both parties. The events also promoted CASA visibility and has led to further engagement between the programme and FIs in both countries, significantly including engagements underpinning the recent equity deals in Nepal (see TA section 3 below). However, both events failed to generate any deals. This is likely because of challenges faced by both agri-SMEs, for whom interest rates are often prohibitively high, and FIs who worried about aggregate size of the loan versus the cost of delivery, particularly because agri-SMEs are a new market segment for many, requiring new technical skills for monitoring and distribution. This highlights how such large events may be more successful if occurring after careful groundwork by programmes at both the FI and agri-SME entry points to build initial understandings on how risks might be mitigated and opportunities realised.

Key lessons on TA for investor engagement

- It is essential to avoid duplicating investment meetings or pursuing open-ended discussions on the need for agri-SME finance between key stakeholders (e.g., policy makers, agribusinesses, FIs), which rarely lead to a tangible outcomes for any party. Rather, it is more effective to carry out targeted deal-making meetings between businesses and FIs that have been established as potentially compatible in terms of needs and service offering, especially if following any pre-established but incomplete relations between a CASA partner and investor.
- Working through partnerships directly with FIs (e.g., BDO [see Annex 4c] and TNA [see TA type 3]), development programmes can help to in bring in appropriate market system actors, supporting them to provide products and services for agribusinesses in target value chains in future.

2. Capacity Development of Core Business Operations (Pre-investment; Core BDS)

What and why: Investors are often looking for companies with strong internal governance and professionalised procedures, especially regarding financial record keeping and company management, which are often critical elements of any FI due diligence requirements. These core business functions are essential in running a sustainable and profitable business. Many of Component A's partners have fallen short of these requirements due to poor practices in terms of organizational governance and record keeping, the negative consequences of which reach further than not being able to secure investment. Accordingly, CASA has deployed a range of accountancy and management TA to improve partners' core business operations to a point where they are able to meaningfully evaluate their accounts, to plan their businesses pathway to growth, and to assess what investment that might require. The secondary benefit is that this work likely supports meeting the requirements of any prospective investor, who usually require access to well managed and transparent accounts.

CASA examples: In Nepal, Mangalam Dairy (Annex 2a) were linked with STTA from a chartered accountant and auditor to prepare financial documents to successfully acquire a significant loan to build a new dairy plant. Through the accountant, CASA assessed Mangalam's investment readiness, including evaluating the partner's current financial situation. Since the continuing partnership between CASA and Mangalam was contingent upon receiving investment, the successful loan application was instrumental. Similarly, Amazon Poultry in Malawi (Annex 3a) were linked with a financial specialist to develop robust management accounts which would be readily available for review by any prospective investor wanting to understand the state of the business. In addition to enhancing the partner's fiduciary management regime, this combined support and resultant improved capacity led to Amazon applying for and securing a loan, establishing its relationship with a commercial bank.

The requirements of core BDS can also be more deliberately tailored toward a particular type of investment provision. For example, Malawi poultry business Yalokolo (Annex 3d) will be linked with a management consultant to support the establishment of a board as part of wider governance restructuring that will be necessary because the planned equity finance is going to be anchored around a Special Purpose Vehicle (SPV). This innovative, though management-challenging arrangement, will offer an opportunity for VSLA smallholders-cum-shareholders to own a stake in a business that presents opportunities for profitable growth as producers of indigenous chickens that would be offtaken by Yalokolo, offering them a reliable market and premium product prices.

In addition to TA at the pre-investment phase, Component A also has experience of deploying TA for general business operations at the post-investment phase. In the case of Platinum, a feed producer in Rwanda (Annex 4b), a linkage with BDO has led to the provision of TA on financial readiness and management of funds after initial financing was secured. This was also the case for B5CD, a Rwandan poultry business, who have secured a second bank loan and also on the strength of that (and on the promise of CASA support) a World Bank-subsidised Commercialization and De-Risking for Agricultural Transformation (CDAT) grant is about to be secured and both of these are the sources of finance for B5CD to be able to implement the project. Thus CASA's approach is "post-investment" support in building B5CD's internal capacity to manage the expenditure and reporting on this capital (building the same kind of investment readiness functions that most of the other projects do but doing it after securing the investment) and technical support in making sure the contract farming model is set up in such a way that it is profitable (so that the loan can be repaid on schedule and to build a track record for securing further finance later).

Key lessons on TA for core business capacity development:

- General BDS support to businesses is an effective way to support investment leveraging. Almost all CASA partners who have accessed investment have received some form of core BDS support from CASA as a precursor to this investment. This reflects how companies with strong governance structures are more likely to be offered investment as they give confidence to the potential investor/lender on an agribusiness's ability to effectively operate the business model and deliver on expected returns.
- As business management practices are fairly standardised across sectors, it is relatively easy to find TA of sufficient quality. However, CASA has noted that it is essential to complement this general support with specific expertise related to the product/market in which the company is working. For example, in Nepal, market assessment of dairy products in specific areas was conducted to complement the business plan to apply for and obtain a loan.
- Through its work, CASA has built a considerable pipeline of consultants/companies that work closely with the management boards of partner agribusinesses to provide them with management support, improve governance, and develop business plans and cash flow projections. These experts are generally from private equity, venture capital and accounting firms. Keeping a roster of consultants is helpful for agribusinesses' future engagements related to investment leveraging.

3. Direct Facilitation of Deal-making and Co-creation of New Investment Arrangements (Pre-investment; Investment specific)

What and why: Often, agribusinesses require support in going through the matchmaking and deal-making process. This can initially be done through investor engagement as documented above and can extend into direct support throughout terms signing, for example between an agribusiness and a commercial bank. Additionally, in instances where traditional sources of investment are either not favoured or possible for the agri-SME partner, CASA has sought to provide TA to explore alternative investment arrangements. This work has often been particularly important in Malawi, where the wider economic landscape creates multiple challenges for partners looking to leverage traditional sources of investment, and where innovative financing arrangements are necessary.

CASA examples: In Malawi, the aquaculture firm Viphya Chambo (Annex 3c) was supported by CASA to design a tripartite agreement with smallholder out-grower fish farmers and Palm Capital – a microfinance company – to provide working capital financing to smallholder fish farmers who purchase fingerlings from Viphya Chambo (and feed from other suppliers), and sell back grown table-sized fish to the SME for downstream supply to their consumer market. Palm Capital also changed their business model by entering the new loan clientele of smallholder fish farmers, diversifying away from salaried borrowers who initially formed the bulk of their customers. In terms of benefits, for the smallholder farmers as out-growers, they have a more profitable market for their production, and have also become loan clients for Palm Capital, providing them with six-month working capital loans. For Viphya Chambo, the larger, consistent supply of table-sized fish for the urban market resulted in more turnover.

Also in Malawi, Yalokolo (Annex 3d) decided to work with existing Villages Savings and Loan Associations (VSLAs) to help them invest their savings in meaningful enterprises while creating increased production capacity for the targeted indigenous poultry products. CASA then provided TA to support the SME to engage 50 VSLAs to consolidate £20,000 into a Special Purpose Vehicle (SPV) with Yalokolo contributing another £20,000. The SPV model was adopted to combat the difficulty in securing credit finance for SMEs in Malawi, and because of Yalokolo's own low liquidity to invest in all the required capital items. Additionally, the SPV offered an opportunity for VSLA smallholders to own a stake in a business that presents opportunities for profitable growth, to be shareholders in the SPV, and producers of indigenous chickens that will be offtaken by Yalokolo, providing them with a reliable market and premium product prices. Yalokolo in turn hope to realise increased production and sales volume. In trialling this new model, CASA is under pressure to demonstrate its efficacy as there is no comparable proof of concept. In the case of the SPV pathway being pursued under Yalokolo, there has been a lot of interest and also pessimism amongst key stakeholders, such as FCDO Malawi, who were more familiar with such arrangements being applied to large-scale investment transactions and thus worried about the applicability to smallholder farmers and how such a transaction may open up all parties to risk. In this regard, the programme team is under pressure to ensure that things do work out positively because the risk of failure is high on the credibility of the programme and also the willingness of market actors to engage in such models in the future.

Whilst Nepal has a more conducive economic landscape for debt financing, CASA has looked to support projects that encourage a wider variety of financing products to be utilised by agri-SMEs. Particularly, CASA aims to facilitate the growth of private equity finance in the agriculture sector in Nepal through its partnership with True North Associates (TNA), a leading Private Equity / Venture Capital firm in Nepal. TNA partnered with CASA to facilitate a systemic partnership between agribusinesses that procure from and trade with smallholder farmers and the investor community. The partnership supports three medium-sized agribusinesses to initiate an IPO journey which would help fill the investment gaps of the businesses and enable them to better understand other financing options for scale-up, while establishing an advanced knowledge base on wealth creation and impact on the economy. Furthermore, this partnership will also support PE/VCs like TNA to deepen their understanding of agribusiness models. During the implementation, CASA and TNA collectively selected Nepal Dairy Pvt Ltd, Paicho Pasal Pvt Ltd and GJ Poultry Pvt Ltd as the three companies that would make this journey. The three companies were selected out of 20 shortlisted and nine further evaluated businesses. The selection was based on technical evaluation of the businesses' growth prospects, scalability, capital employed, number of employees, engagement with smallholder farmers, scalability, impact on the agri-sector, ESG policies, gender representation and social inclusion, and more importantly interest in fundraising for investment. Out of the three selected firms, CASA previously supported Nepal Dairy and Paicho for expansion, business model replication and product diversification. GJ Poultry was selected as the next potential agribusiness. Each of the three agribusinesses has been supported by TNA (who have in turn been supported by CASA, e.g., through the funding of the TA to work with agri-SMEs) with TA on investor engagement and due diligence, and company valuations.

As of January 2025, two of the companies have reached a board resolution to go to IPO and all three companies have actionable plans for how to raise capital moving forward, with two pursuing realistic equity deals and one pursuing commercial debt. Working through a market actor such as TNA has allowed CASA to show the business case for FIs, especially PE/VC firms, in Nepal to broaden their service offering to agribusinesses. Consultation with TNA suggests four key learnings relevant to PE/VCs pursuing deals in the agri-SME sector: (1) Ownership and capital structures create legal and financial gaps to IPO which will take time to overcome; (2) Raising awareness for IPO amongst agribusinesses (answering questions and ensuring they are fully informed) and then actioning the required changes takes significant time; (3) As the agribusinesses often have limited paid up capital, additional capital will be required to realise benefit from the IPO process; and (4) The family-owned origins of many agribusinesses can lead to disputes and also a blurred line between business and family expenses. Before companies can progress on their IPO and other equity dealings, significant work is required on internal controls and governance to ensure transparency, accountability, and compliance. The way in which CASA has been able to partner with TNA to financially de-risk their first steps in the agribusiness sector has led to some positive results and increased awareness of PE/VC firms on how to engage agribusinesses, and of three agribusinesses, in what it means to engage with PE/VC firms. At this stage, TNA intend to further pursue the agribusiness sector, highlighting the valuable role development programming can play in encouraging new FIs to enter the agribusiness space to help fill the 'missing middle'.

Key lessons learnt on TA for deal-making:

- The amount of investment leveraged is less significant than the innovation around a new modality of investment that stakeholders are willing to try, even in a challenging wider economic climate.
- Development programmes can play a key role in technically supporting and financially de-risking innovative collaborations between agribusinesses and FIs.
- Debt finance is not an issue for most firms if they meet the collateral requirements; however, this still poses limitations as the value of the debt is still dependent on collateral value. This poses a major challenge to businesses as many of them have multiple shareholders. Since collateral is usually held by individuals, there is a reluctance to commit collateral to initiatives involving multiple influencers.
- The moment is ripe for PE/VC, angel investors, and other investors to step in as more medium-sized agribusinesses seem to be opening up to external financing. It is hoped that following the trial of these models with CASA support, stakeholders are able to observe their value to further invest in and sustain them.
- Reflecting the broader learning on how to deliver scale in agri-SME partnerships[31], CASA will look to find appropriate fora in-country to promote wider uptake of such arrangements so further agri-SMEs and smallholders can benefit.

31. Covey, J. and Savage, W. (2024) Partnering with Agri-SMEs for Development Impact: Lessons from CASA. CASA

4. Preparation and Modification of Business Plans (Pre-investment; Core BDS)

What and why: Investment decisions are often linked to the credibility of the investees' business plan and the confidence it gives that funds will be well utilised and that the level of risk is acceptable as determined by the return on investment projections. With this in mind, CASA has often deployed TA to support its partners in refining and strengthening their business models. Whilst this process often has broader goals around increasing inclusivity for smallholder farmers, as highlighted in the examples below, the formalization of business models can also support with attracting investment.

CASA examples: For MSSK dairy in Nepal (Annex 2b), an investment specialist was deployed to help improve the business plan by establishing milk collection centres which increased the firm's ability to mobilise and market product from smallholders. The strengthened business plan, which increased confidence that MSSK could handle the repayments, was one factor that contributed to a credible case for the approached FI to approve the loan in question and facilitated a shorter than expected review period, meaning the invested capital was mobilised faster.

A similar service was provided to Nyaluwanga in Malawi (Annex 3b), who received an investment specialist to develop a business plan to become investor ready. However, despite the improved business plan securing a loan offer for the partner, in this instance Nyaluwanga rejected the offer due to the high financing cost, as well as attached conditions such as the lender requesting that the business owners buy life insurance equivalent to the loan amount. This highlights two important lessons emerging from CASA's work in investment leveraging. Firstly, macroeconomic conditions within the country (such as the high interest rates and complex borrowing terms in Malawi) influence the way in which even well-targeted TA leads to 'success' in terms of realised investment. Secondly, as a programme targeting investment leveraging, it is important to know when to support and counsel partner decisions against taking investment offers if they do not make financial sense or represent an over-exposure to risk.

In other instances, the TA to support business plan formulation has led to more significant and structural changes to the business model. For example, the wider package of TA provided to Viphya Chambo (Annex 3c), supported expansion of the business model to fingerling production and purchase of feed, resulting in a larger, more consistent supply of table-sized fish to the urban market and thus more turnover. The TA discovered that other than just producing fingerlings for supplying contracted smallholders, Viphya Chambo could actually enhance their cash flow by up to 40% if they were to start supplying fingerlings to other industry players. Upon agreeing with this proposition, the TA built this into the business plan, which the SME executed and started reaping the benefits. This increased revenue further benefits Viphya Chambo by making them a more attractive proposition to potential investors.

Key lessons on TA for business plan modification:

- Most agri-SMEs benefited from some level of business plan formalisation and/or modification as part of their partnership with CASA, with existing plans either poorly structured or non-existent. These modifications had several benefits for leveraging investment, including the realisation of additional revenue through, e.g., improved efficiency, supply of raw materials and market size (increasing attractiveness to investors), and providing a clear indication on return on investment timelines.
- Not all firms were receptive to changes in their business model and in such instances the CASA team had to ensure the TA providers did not overly assert their own thoughts into the business plan. Any changes made to the business are only acceptable and indeed sustainable if they come from discussion with the owners.

5. Preparation for Investor/lender Due Diligence (Pre-investment; Investment specific)

What and why: In some instances, in addition to providing capacity building for core business operations, CASA has directly supported its partners with the application process for acquiring investment, constituting investment specific pre-investment TA. This is particularly relevant for partners who are accessing finance for the first time. By providing this direct support, CASA can consolidate the partner's understanding of the terms and conditions of the loan/ investment opportunity and also improve their chances of success by removing the likelihood of administrative errors in the application process. Additionally, it is hoped that this initial support can provide the confidence and knowledge needed for partners to pursue additional finance independently in the future; the TA represents a chance for partners to 'learn by doing'.

CASA examples: One successful example of CASA providing direct support to an agri-SME partner in applying for a loan is Amazon Poultry in Malawi (Annex 3a). Not only was Amazon supported by CASA to apply for loans with several FIs, it also supported the agri-SME to apply for a matching grant from the Malawi Innovation Challenge Fund (MICF) to de-risk the commercial credit finance. The successful loan from a commercial bank was structured as per MICF milestones delivery and disbursements.

Through the process of supporting with loan applications, MSSK dairy in Nepal (Annex 2b) became more aware of the documentation needed to apply for further loans and with the capacity to do so, applied for and received an additional loan of NPR 3,500,000 to purchase equipment for production of hard cheese. Also in Nepal, a business consultant provided by CASA supported Paicho Pasal (Annex 2c) with comprehensive documentation assistance to secure investments from commercial banks and equity investors, including a business plan, valuations, readiness evaluation, gap analysis, and projection plan. Similar TA was provided to Satya Herbs (Annex 2d), a producer of medicinal and aromatic plants in Nepal.

More recently, CASA has tried to implement preparation for investor due diligence through market actors to improve the sustainability of these services within the market system, the absence of which is often a key barrier to agri-SMEs leveraging investment in developing economies. The most direct example of this is CASA's partnership with BDO in Rwanda (Annex 4c). Through this partnership, BDO is supporting three agri-SMEs partnered with Component A to access the BRD or other FIs' loan package, including CDAT from the World Bank. CASA is supporting BDO with TA to support in financial readiness to a) Assist agri-SMEs to navigate the governance requirements and financial intricacies necessary for securing commercial loans and external investments; b) Support agri-SMEs to attract and absorb sustainable finance for growth, and c) Assist investors/FIs to understand the feasibility of agri-SMEs as viable target customers. Through this work, CASA aims to improve the availability and sustainability of service providers within the market system to support agri-SMEs to leverage investment. This is directly related to wider lessons from the provision of TA on CASA, which is always best and most sustainably delivered through existing market actors where they exist and are of sufficient quality.[32]

Key lessons on TA for preparation for due diligence:

- It is important for efficacy and sustainability that the TA adopt a co-productive approach with agri-SME partners. It is not adequate for the TA to simply fill out the application alone on behalf of the company as this can result in issues of poor understanding on the part of the company, which may lead to issues in operationalising the capital and adhering to the terms of the agreement. Rather, such TA on due diligence should be a slower process, where the TA sits with the partner and helps them to understand what documentation is required, why it is important, and how the information can be collected.
- Investing this time in the provision of TA increases the sustainability firstly because the agri-SME is more likely to retain this knowledge and be able to apply it to future investment applications, and secondly, because it increases the understanding of the agri-SME on the terms of the loan, increasing the chances of successful repayment.

6. Developing Technical Specifications for Effective Utilisation of Sought Capital or Newly Acquired Assets (Pre- or post-investment; Core BDS)

What and why: Most agribusinesses looking to leverage investment are interested in using the leveraged capital to purchase material resources. Whilst, in many instances, companies will be aware of exactly what equipment they need to scale and why, CASA has found it helpful to support this process through the provision of pre-investment TA to ensure scaling in physical infrastructure is done in a cost-effective manner that is in line with the needs of the business's scaling plan. This is particularly true where investment is being used to buy more sophisticated processing equipment with a view to diversifying product lines. In such instances, external expertise can support CASA partners to better understand the options available to them in terms of infrastructure and form a robust procurement plan that enables them to purchase appropriate and needed infrastructure. In turn, this reduces the risk of the company over-exposing itself financially with unnecessarily expensive hardware and also improves the overall technical quality and robustness of the investment proposition. At the post-investment phase, CASA has provided TA on setting up and operationalising the new equipment. Such TA is put in place to facilitate the efficient use and management of new equipment to increase the likelihood of realising the envisioned gains for the business as a result of the investment.

32. Covey, J. and Savage, W. (2024) *Partnering with Agri-SMEs for Development Impact: Lessons from CASA*. CASA

CASA examples: Dairy and aquaculture are two of the more infrastructure-heavy value chains engaged with by Component A. As such, the best examples of TA to cost and design expansion plans at the pre-investment phase come from these value chains. In the case of dairy in Nepal, Mangalam (Annex 2a), who were seeking investment to extend their factory operations, a dairy expert was a key part of the TA package and responsible for designing the expanded production floor layout, the costing of which informed Mangalam's pursuit of third-party finance. Similarly, MSSK's (Annex 2b) TA package included a dairy expert to develop the structural blueprint for the new dairy plant which was used to support the accurate calculation of MSSK's investment needs. In addition, a marketing expert was commissioned for MSSK to conduct market research on the various opportunities for product diversification, which in turn informed the infrastructure that would be required in the dairy plant. In Malawi, CASA supported feed processor Lenziemill to assess the effective demand for fish feed and to map out the spatial distribution of the feed demand. This information was used by Lenziemill to (i) determine the right volume of feed market requirements for aquaculture and differentiate appropriate equipment utilisation capacity between aquaculture feed production and poultry feed production by installing the appropriate equipment components to attain this differentiation; and (ii) design a responsive feed marketing and distribution plan based on the mapped out feed demand results.

At the post-investment phase, CASA supported Mangalam (Annex 2a) to retain the skilled engineer who designed its production floor layout to oversee equipment installation, ensuring smooth operations. CASA also supported the agri-SME with two dairy technologists to support factory operations, enabling Mangalam to improve the quality and diversity of its products, including launching new ones into the market. In the case of MSSK dairy (Annex 2b), after supporting them to leverage the investment needed to construct a new dairy plant, CASA provided support to improve their production process and marketing of its newly-diversified dairy products. This included funding a dairy technologist for packaging design and a marketing expert to conduct efficient marketing and promotional activities.

Key lessons on TA for technical specifications:

- TA to support the planning of expansion resulting from investment has proven valuable in the case of dairy partners in Nepal and aquaculture partners in Malawi, allowing strong technical foundations for the proposed investment amount.
- Retaining this expert TA in the post-investment phase is essential to ensure that the equipment is utilized efficiently to realise the expected gains (see below for TA on utilization of newly acquired assets).
- This TA is particularly important in debt financing transactions (which have dominated CASA's third-party investment leveraging), as they typically do not come with the provision of expertise that might arise from equity investments.

7. Improving Inclusivity of Investments (Pre- and post-investment; Investment specific)

What and why: The agri-SMEs that CASA supports to leverage investment are almost all looking to expand their operations in some way, be it scaling the existing business model or expanding into new market segments. In almost all instances, this expansion requires an increase in the quantity of raw materials sourced by the company. A central part of CASA's mandate across Component A and CASA TAF is to ensure that this expansion is done in an inclusive and climate-smart manner, which in CASA's case refers to improving the engagement with and outcomes for smallholder farmers within partner agribusinesses' supply chains, including improving their climate resilience. This is often achieved through the provision of TA to the partner agribusiness to improve their engagement with smallholders. Typically, this has been done through either the design and implementation of new engagement structures such as contract farming systems or through the provision of TA directly to smallholders, such as on climate smart agricultural practices, to improve the quality and sustainability of produce that they supply with the aim of improving their realised income and the sustainability and resilience of their production.

CASA examples: Examples of such TA under Component A exist in Malawi, Nepal and Rwanda. This has been done as both pre-investment (i.e., to realise the additional production needed to attract investors) and post-investment (i.e., to ensure that additional production capacity that results from investment in infrastructure is filled through inclusive engagement with smallholders).

In Malawi, CASA provided TA to support Amazon Poultry (Annex 3a) to design an out-grower scheme through which the company aimed to benefit from increased supply for their expanded capacity in chick and feed production. This scheme led to the company contracting 1,000 smallholder farmers – of whom 50% were women – who benefitted from access to inputs on loan, an offtake market through Amazon for chicks and feed raw materials, and provision of poultry management extension services. This pre-investment

TA support helped to enhance reliability of the supply chain for the partner, which was subsequently leveraged by the investment expert TA to develop a compelling business and investment plan for Amazon Poultry that ultimately led to the company securing the investment via a two-staged process aligning a matching grant and a commercial bank loan.

In Nepal, several CASA partners leveraged investment to increase their processing capacity, meaning they required improved quality and quantity of raw material. To guarantee this, and to realise a return on investment, CASA provided post-investment support to businesses to train smallholder farmer suppliers in good production practices. For example, CASA worked with MSSK dairy (Annex 2b) to co-design Good Manufacturing Practices (GMP) training (which include climate smart practices) that was delivered to more than 4,000 dairy smallholder farmers, of whom over 90% were women. With access to a secure market to supply their milk to, the farmers were able to supply MSSK with better quality raw material to process with their expanded production capacity. The initial partnership with MSSK was also extended to include considerations of food and nutrition security, with a focus on availability and access of milk and dairy products, two of the four parameters of food security identified by FAO. Also in Nepal, CASA TA supported Satya Herbs (Annex 2d) – a medicinal and aromatic plants company – to increase its product quality and procurement volume through farmer training on sustainable production and handling of herbs, as well as by engaging an expert to advise on aggregating new farmers into the supply chain.

A similar case is seen in Rwanda, where Platinum Agribusiness (Annex 4b) was linked with TA to support the mobilisation of up to 800 farmers (50% women) in the pilot phase (with plans to engage with 2,000 farmers after five years), enhance their capacity in poultry rearing, and – with subsidised feed – increase their productivity and therefore income. With its plan to expand its chicken production capacity, Platinum will have increased availability and affordability of quality feed as well as better linkages with smallholder suppliers of eggs. CASA intends to provide TA in marketing and distribution activities to PA to guarantee proper delivery of its products to the market and at the same time expand the market for smallholders.

Providing post-investment TA is the key area of activity for CASA TAF. One example of this is seen in the inclusive business plan (IBP) with SAMANU, a leading FMCG (fast-moving consumer goods) business in Ethiopia that has invested in a new solvent extraction plant (SEP) with funding from Norfund and Ethiopia-focused private equity fund 54 Capital, in March 2023. The SEP will allow the business to purchase crucial oilseed inputs domestically, substituting imports of crude sunflower oil and thereby boosting capacity utilisation (historically restricted to <20% due to hard currency constraints). The IBP focuses on defining an inclusive and commercially sustainable sourcing model for oilseeds (e.g., sunflower, rapeseed and soybean) to supply the SEP. SAMANU will deploy a team of agronomists to provide training to farmer cluster groups, while leveraging intermediary agents for the provision of inputs and offtake of oilseeds. To drive uptake of sunflower, SAMANU will undertake trials of improved sunflower varieties to identify an optimal candidate for the agroclimatic and smallholder context, and to refine input recommendations and extension curriculum. If successful, the model has the potential to reach tens of thousands of farmers over the next five years, driving £100+ of additional income per household.

Key lessons on TA for improving inclusivity of investments:

- At the agribusiness level, CASA aims to improve supply-chain engagement to enable partners to attain higher quality and more reliable inputs of raw material for smallholder farmers.
- For smallholders, CASA aims to improve the quality and climate resilience of production as well as the relationship with the agri-SME buyer, leading to an increased and more resilient source of income.
- At the investor level, CASA aims to highlight the efficacy of investing in inclusive business models, further advocating for increased service provision and flows of capital to agri-SMEs currently located in the 'missing middle' of agricultural finance.
- Thus far, CASA has done limited work in collecting return on investment data associated with TA on improving inclusivity; this will be a key goal for the final year of the programme.

8. Managing the Relationship with an Investor

What and why: Managing the relationship between the investor and the agribusiness partner is an implicit and often under-recognised part of the development programme service offering. This is particularly seen in the case of CASA TAF, who play an active mediator role between investors, who are interested in speaking the language of impact, and agribusinesses, who are primarily concerned with the commercial implications and their bottom line. The inclusive business planning stage is an important phase in this mediation process to align interests between investors and companies. TAF complements this by hosting separate monthly check-in meetings with investors and agribusiness partners, allowing focus to be given to the key factors of interest. With a view to encouraging open communications between the parties, TAF establishes a steering committee for technical assistance projects, which always has representation from the partner agribusiness and the investor involved. This provides a forum in which the parties can converse and identify areas of shared interest and opportunity, overcoming the information gaps which are a principal barrier to more regular engagement between investors and agribusinesses. Whilst direct post-investment investor relationship management has been less common on Component A (largely because of the dominance of debt financing, where this is less frequently required), the pre-investor equivalent as seen under 'investor engagement' may lead into post-investment relationship management in instances such as TNA.

Key lessons on TA for managing investor relationships:

- The mediator role of managing the relationship with the investor, whilst not a discrete service offering listed in any of the formal documentation, is something that a) takes up a vast amount of implementation team time, and b) is essential to productive and sustainable interactions between investors and agribusinesses.
- Encouraging this relationship and mutual understanding between the parties can result in additional capital being mobilised. For example, as investors are increasingly made aware of the TA needs of the agribusinesses and the resultant impact these can deliver if done successfully, they become increasingly willing to invest in them, evidenced by CASA TAF TA delivery to its partner agribusinesses increasingly being partially co-financed by investors.

9. Monitoring and Evaluating Success and Return on Investment

What and why: Development programmes looking to support agribusinesses to leverage investment are often interested in providing monitoring and evaluation services for two key reasons. Firstly, they are seeking to track the social impact of an agribusiness partnership in line with their own internal objectives. Secondly, they are interested in highlighting to commercial parties, in this case the agribusiness or the investors, the returns possible from investing in inclusive business models, with the aim of seeing them sustained and expanded.

CASA examples: Monitoring and evaluation as a service offering has been increasingly important for CASA TAF, which has moved towards a cost-benefit model of project design with partner agribusinesses. Such analyses require a rigorous evaluation of the potential return on investment associated with any investment (either external or by the company itself) or activity before the partner will agree to the plan. This is especially important for the larger and more mature agribusinesses which TAF partners with, who often have formalised decision-making structures which are guided by formal return on investment (ROI) projections. This is different from the Component A context, where more unilateral or informal decision-making of individual owners often reduces the demand for formalised ROI projections. Furthermore, at this later stage of the programme, CASA TAF are able to utilise actual commercial data (i.e., to move beyond projections) in their evaluation efforts, which has enabled both the programme and its agribusiness partners to understand how projections have held up in reality and what has caused any divergence (positive or negative) from expectations. This is particularly possible because commercial performance is a key aspect of the outcome assessments utilised by TAF. As such, firm-level data are not included under Component A, as they often have not been recorded and an opportunity has been missed to highlight the value of seeking and leveraging investment for inclusive business models.

Key lessons on TA for monitoring return on investment:

- Whilst development programmes are often focussed on capturing outreach and impact numbers – e.g., on CASA, the impact on smallholder farmers – the motivation for agribusinesses is the firm level metrics associated with calculating return on investment. As such, investment in thorough and accurate return on investment calculations is essential to the acceptability and sustainability of inclusive business models.

Summary on the Typology of TA for Investment

This chapter has documented the main types of TA CASA has provided to agri-SMEs at both pre- and post-investment phases. Whilst all have associated opportunities and challenges (Table 9), the key learning emerging from CASA is that development programmes supporting agri-SMEs must remain flexible and adaptive in their approach to TA delivery for investment leveraging to respond to diverse macro-economic conditions, specific investor needs and processes, and the individual capacity and needs of each agri-SME partner. To account for these varied factors, CASA has necessarily taken on a diverse set of TA provision across pre- and post-investment phases and covering TA issues that can be classified as either core or investment specific. Doing so has allowed CASA to successfully leverage a range of different investment arrangements across diverse partner, market and country contexts. Key to this success throughout has been CASA's ability to build relationships with its agri-SME partners to thoroughly understand their needs and how best these can be catered for through the partnership.[33]

33. See further details in Covey, J. and Savage, W. (2024) *Partnering with Agri-SMEs for Development Impact: Lessons from CASA*. CASA

Table 9: Pros, Cons and Key Lessons Associated with Each TA Modality Used on CASA

Type of TA	Pros	Cons	Key Lessons
1. Investor engagement and profiling for agri-SMEs *(Pre-investment; Investment specific)*	• Events are effective in generating visibility for the programme and agribusinesses, supporting future engagement with FIs. • The more face time the SMEs get with FIs, the more likely they are to get investment as this helps expose FIs to needs of agribusiness and vice versa. • Profiling TA eases the process of match-making and allows evaluation of taking on investment.	• Events may not result in direct investment if not underpinned by prior discussions. • This need for agri-SMEs to respond to the specificity in requirements can create challenges for programmes delivering TA to agri-SMEs who may wish to engage with and profile a range of investors (all with different requirements).	• Can only be successful with mature and investment ready SMEs; the TA is predicated on the understanding that the other forms of TA are not relevant as the SME is investment ready. • Engagement work is most effective when done from agri-SME and FI entry points.
2. Capacity development of core business operations *(Pre-investment; Core BDS)*	• This is relevant across all investors and can ensure all the correct management/governance aspects are in place from the ground up. • This TA is relatively easy to identify as practices are standardised across sectors; therefore services are also more common (e.g., as compared to supply chain, production and marketing expertise).	• High demands on time and finances – governance changes often require SMEs to engage new people with relevant skills (often resisted because of associated cost – need to better articulate why they are worth investing in). • Companies are often resistant to change.	• This does not guarantee investment. • CASA's due diligence process helps to identify these needs at an early stage. • If going beyond debt financing (e.g., to PE/VC or foreign investors), the nature of this TA changes and more engagement and higher quality TA is needed – looking for more innovation.
3. Direct facilitation of deal-making and co-creation of new investment arrangements *(Pre-investment; Investment specific)*	• Break constraints of macro-economic situation (e.g., Malawi – high cost of borrowing; Nepal – limitations of debt financing to deliver scale). • Development programmes can de-risk innovations that can later be taken on and scaled independently by system actors.	• Need to encourage TA and implementation teams to think outside the box, which is not always easy. • Risk for programme as takes on a level of accountability to the donor and the business – programmes need to maintain a risk appetite to approve these activities.	• As programmes mature, they can move away from direct facilitation towards new arrangements between market actors. • Programmes must balance the value ascribed to total amount leveraged versus the innovation seen in financial instruments and potential for scale. • Starting small is important to mitigate some of the risks for programme and stakeholders.
4. Preparation and modification of business plans *(Pre-investment; Core BDS)*	• Opportunity to open new channels of cash flow (e.g., Viphya with fingerlings, which now make up 40% of revenue), which again improves attractiveness to investors. • Allows financial projections which can support firms to make an informed decision on the affordability/ROI of investment.	• Resistance to change amongst owners. • Risk of passive agri-SME partners being overly influenced by TA – mitigate through close relationship with partner and reviewing alterations to the business plan with the partner.	• In Nepal and Malawi, it has been necessary to improve business models and plan prior to investment leveraging. Business plans are often poorly structured or non-existent. • Business plan done with all CASA partners, regardless of if they are looking for investment, as it aids intervention design and is good business practice.
5. Preparation for investor/lender due diligence *(Pre-investment; Investment specific)*	• Improves chances of success and reduces amount of errors. • Provides confidence to agri-SMEs, improving willingness to apply.	• May undermine the sustainability (i.e., do the businesses learn or will they still require support the next time they apply?).	• Imperative to work with the business, not do it for them – programmes need to resist the pressure of delivering investment results to be mindful of building capacity within the firm.

Type of TA	Pros	Cons	Key Lessons
6. Developing technical specifications for effective utilisation of sought capital or newly acquired asset *(Pre- or post-investment; Core BDS)*	• Allows better ROI projections. • Gives confidence to the SMEs to look for more investment. • Investors often do not cover these services or costs and in agribusiness there is often a capacity gap here. • Brings benefits to the investor and the business.	• Must take care not to undermine sustainability of operations post-partnership.	• Applies where we are confident that partners can realise debt investment – this is about making sure that the investment is well utilised (i.e., not over-exposing to unnecessary borrowing). • Soft skills on operationalisation of new infrastructure are often not considered but imperative to ROI.
7. Improving inclusivity of investments *(Pre- and post-investment; Investment specific)*	• Beyond the programme needs, this is valuable for SMEs as it can directly facilitate the ability of the firm to service markets, enhancing growth potential and ability to realise it. This is critical in making firms investment ready. • Aids ROI, which is often predicated on increased production quality or quantity.	• Fear of risk associated with further engaging smallholders among agri-SME owners can deter this. • Aggregation can increase processing costs (e.g., cold-chain). • Success often predicated on existing state of smallholders, i.e., need to identify farmers who are ready to commercialise.	• From an investor perspective, agriculture is definitely investable, the real question is if smallholder supply-chain agribusiness is investable. • Programmes can act as de-risking partners to show the value of these smallholder supply models – to maintain confidence in this, the TA needs to be high quality and connect partners to the right farmers (the wrong ones could undermine the whole model).
8. Managing the relationship with an investor	• Helps to bridge the information gaps and language differences between FIs and agribusinesses. • Can help show FIs the value of TA delivery alongside investment, encouraging them to invest in it.	• Is often not listed as a discrete or core deliverable and takes up a significant amount of implementation time. • Risk that actors on either side of the transaction become reliant on a broker.	• Programmes should allocate sufficient time to such activities, which require significant investment but often escape recognition in activity planning.
9. Monitoring and evaluating success and return on investment	• Helps concretely further the impact and commercial case (ROI) for inclusive agribusiness models, mobilising support from agribusinesses and FIs.	• Can be different ideas on what success looks like and therefore varying pressures on what is measured.	• Pressures for rigour in return on investment calculations often varies depending on firm maturity and decision-making processes.

With regards to contributions on the general efficacy of core-BDS versus investment specific TA for leveraging investment, there is a level of agreement with IFAD's findings that core business development services were more effective in raising finance than specific access to finance advisory support. This is true in so far as these core services often allow agribusinesses to deliver the non-negotiables required by various FIs. However, CASA implementation teams across Component A countries also noted the importance of investment specific support, which, whilst not always successful in delivering benefits for the business (where the advantage of core BDS TA is that it always creates firm level benefits), has been crucial for many of the CASA agri-SME partners who have leveraged investment through partnership.

LEARNING CHECKPOINT 3:

Deploying TA for Pre- and Post-investment Agri-SMEs

- For CASA Component A, partners have had varying existing levels of investment readiness. Some already have experience of leveraging investment and require CASA support to do so again, either better, faster or at lower risk. Others have no experience of leveraging investment and require support to get their core business functions in place, as well as in engaging investors and complying with their due diligence requirements.
- Depending on needs and readiness of firms, and wider economic landscapes, a variety of TA options can be deployed to leverage investment: pre- and/or post-investment TA, providing investment specific and/or core BDS.
- Each of the forms of TA have associated pros and cons which are also shaped by the macroeconomic environment, market system, agribusiness partner, and investor/lender that they are being applied in/with.

Investment leveraging TA is best delivered by market actors as this improves the sustainability of TA for investment leveraging within the market system for post-programme closure, laying the foundations for the further flow of investments. Furthermore, using existing service providers closes the information gaps at investor, service provider, and agri-SME nodes of the investment process.

4. BUILDING INVESTMENT LEVERAGING UNDERSTANDING WITHIN COMPONENT A

With a view to maximising CASA's success on leveraging investment for agri-SMEs in its final two years, three actions have been taken to support implementation teams:

1. Increasing efforts on learning and reflection on what works in investment leveraging across the implementation teams in Component A and CASA TAF.
2. Creation of tools that codify some of the key processes for investment leveraging TA, and
3. Providing support to country teams from the programme level on preparedness for discussions with investors.

Increasing Shared Learning on Investment Leveraging

Investment leveraging has been highlighted as a key focus area for improved programme level learning. This is especially relevant in sharing lessons from Malawi and Nepal as the two more mature Component A countries, with differing perspectives to offer emerging from their work in different economic landscapes. The experiences from Malawi, as highlighted in Chapter 3, are particularly relevant in brokering the necessary relationships to engender the trust and confidence required to pilot innovative financing models such as the Special Purpose Vehicle used by Yalokolo (Annex 3d) and the tripartite arrangement piloted by Viphya Chambo (Annex 3c). Lessons from these experiences can inform efforts at piloting and scaling alternative financing models in other countries, such as the ongoing work in Nepal with True North Associates. Equally, the success of the Nepal team in facilitating their partners to access debt finance from established lenders offers valuable insights for other programmes and countries on the types of support that are effective.

Tools for Design and Delivery of TA for Investment Leveraging

More formally, CASA has sought to provide resources for its country teams and wider stakeholders that can be used to structure the entire process of offering TA for investment leveraging, from needs identification through to TA delivery. Specifically, CASA has developed a Decision Tree for Agri-SME Financing and an Investment Leveraging Toolkit.

Decision Tree for Agri-SME Financing

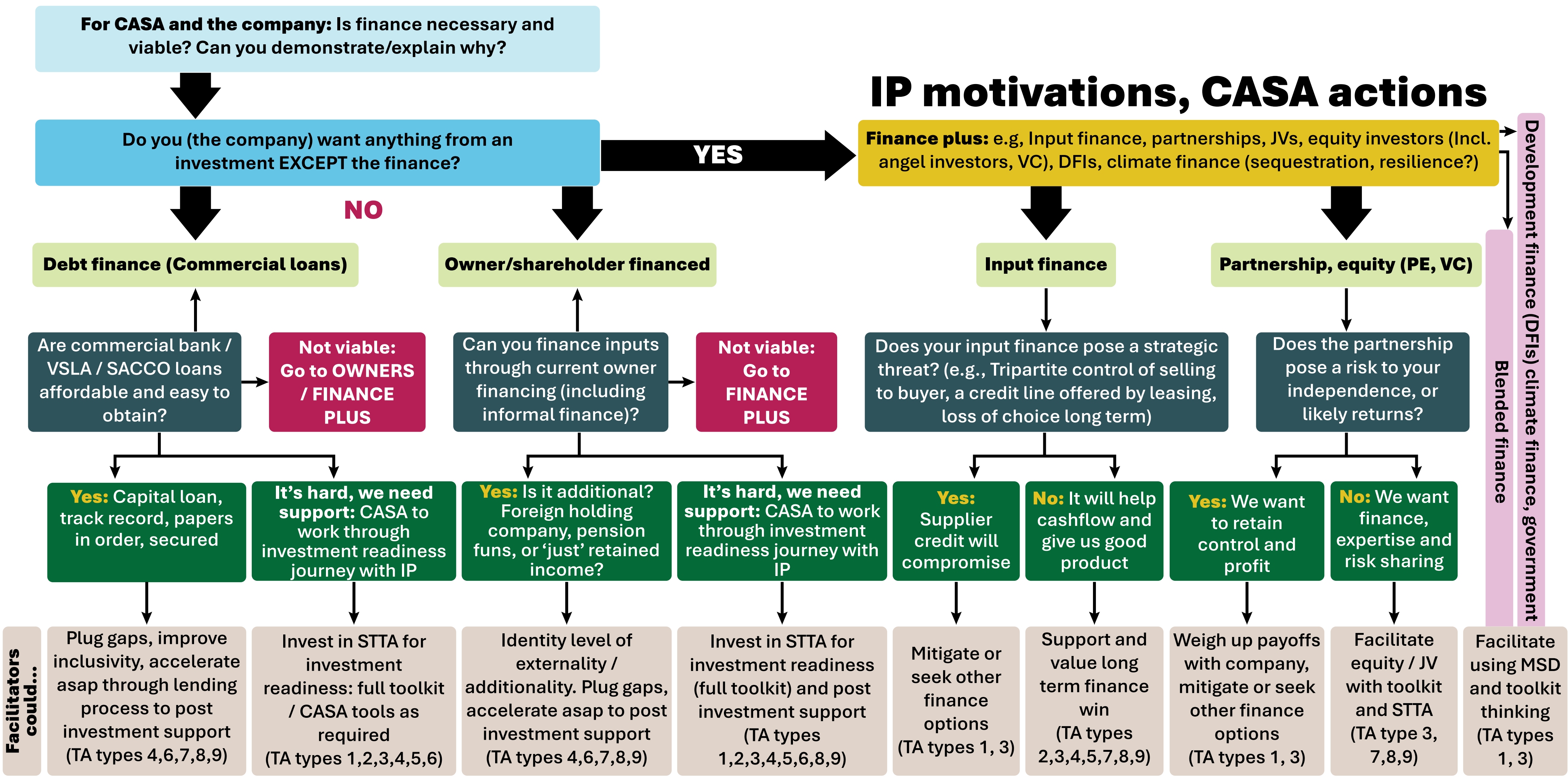
When working on investment leveraging with any agri-SME, it is important to ask a series of questions to ensure that any TA provided is guiding the company towards a viable and appropriate type and amount of investment. This is especially important given that acquisition or pursuit of the wrong form of financing (especially taking on high-interest loans) can increase the vulnerability of a company rather than improve it. To help guide this appraisal process, CASA commissioned an investment expert at the programme level to develop a Decision Tree for how Component A can best provide investment support to agri-SMEs (Figure 1).

The exact entry points for discussions with companies may vary, but Figure 1 works through the appropriate considerations even before getting into detailed financial planning and investment readiness. There can be a number of different options – all of which should to some degree de-risk and add rigour to a company's plans. CASA's possible actions in the Decision Tree all broadly track with these support mechanisms, from working through investment readiness tools, to deepening impact, to de-risking through sectoral expertise, or supporting partnerships to provide that expertise long-term.

The Decision Tree is a means to work through appropriate options with the company to arrive at what investments are most appropriate for them. Sometimes the knowledge or power of the investor can strongly determine outcomes for good or ill, bringing with them expertise, rigour and often strategic constraints (for example, financing of inputs that are tied to particular supply and pricing). It is therefore important to weigh up the benefits of different finance options.

The Decision Tree covers each financing instrument in Table 7 (Chapter 2).

Figure 1: Decision Tree for CASA Intervention Partners (IP) to Identify the Most Appropriate Source of Investment



TA types:

1: Investor engagement and profiling for agri-SMEs
2: Capacity development of core business operations
3: Direct facilitation of deal -making and creation of new investment arrangements
4: Preparation and modification of business plans
5: Preparation for investor/lender due diligence
6: Developing technical specifications for effective utilisation of sought capital or newly acquired asset
7: Improving inclusivity of investments
8: Managing the relationship with an investor
9: Monitoring and evaluating success and return on investment

After the Decision Tree has been utilised, CASA can deploy the newly revised Investment Readiness Toolkit as a basis for defining TA packages for leveraging investment.

Codifying TA Support in an Investment Leveraging Toolkit

CASA's experience and learning resulting from the provision of investment leveraging TA has been drawn upon and combined with inputs from international experts on leveraging investment for agri-SMEs to formalise an Investment Leveraging Toolkit for use by the CASA team. The Toolkit, which was finalised in 2024, aims to provide a primer for the CASA Component A implementation teams on the types of TA that can support investment leveraging and how to implement them. The generation of the Toolkit was a direct response to a need from the teams to have some level of standardised guidance on how best to leverage investment with agri-SMEs. The Toolkit was also essential in supporting teams to quality assure the work of investment experts hired to provide TA to partner agribusinesses.

The Toolkit, which has now been circulated amongst Component A and CASA TAF teams, includes insights on nine phases of investment leveraging from a company's point of view. Each of these phases clearly map onto the typology generated from reviewing CASA investment leveraging TA (Chapter 3).

- **Self-Assessment**: Before delving into investments, take a moment to assess your company's readiness. Evaluate your business model, financial health, management, market positioning, and operational capacity.*(**TA 2** – Capacity development of core business operations).*
- **Crafting Your Business Plan:** A solid business plan is your ticket to attracting investors. Dive deep into each subsection, ensuring you provide comprehensive details from your executive summary to supporting documents. *(**TA 4** – Preparation and modification of business plan).*
- **Research Your Investors:** Not all investors are the same. Understand the different types, research their profiles, and build a curated list tailored to your business needs. *(**TA 1** – Investor engagement and profiling).*
- **Preparing for Scrutiny:** Due diligence is crucial for investors. Make sure you are prepared by having all necessary financial, legal, and operational documents in order. *(**TA 5** - Preparation for investor/lender due diligence).*
- **Pitching Your Vision:** Learn the art of the pitch. From creating a compelling deck to handling challenging questions, this section guides you through the entire process of presenting to potential investors. *(**TA 1** – Investor engagement and profiling).*
- **Securing the Deal:** Once investors show interest, navigate the complexities of valuations, legal agreements, and deal closures. *(**TA 3** – Direct facilitation of deal-making and co-creation of new investment arrangements).*
- **Managing Post-investment:** After securing investment, understand the expectations. From reporting to fund utilisation, ensure you are managing the investment responsibly. *(**TA 7** – Improving inclusivity of investment; **TA 8** – Managing the relationship with an investor).*
- **Track, Adapt, and Grow:** Investments are just the beginning. Learn how to monitor performance, adapt to market shifts, and maintain a healthy relationship with your investors. *(**TA 9** – Monitoring and evaluating success).*
- **Reflect and Plan:** Assess the impact of your strategies, learn from your experiences, and set sights on long-term goals and further investments. *(**TA 9** – Monitoring and evaluating success).*

Under each heading, the Toolkit provides a range of options for how to structure and deliver the task, noting that it is paramount that all activities be adapted to the individual business and the wider economic landscape in which they are trying to leverage investment.

In addition to being a valuable tool for designing investment leveraging interventions, the Toolkit also provides primers on each step of the process for implementation teams, strengthening their position to be able to quality assure the work done by external providers of TA for investment leveraging.

Supporting Country Implementation Teams to Be Pipeline Ready

Component A has provided support to country implementation teams to be ready to support their partners in leveraging investment. This support has occurred across three key phases:

Firstly, CASA commissioned an investment expert to visit each of the country teams and review their portfolio, meet with stakeholders (investors and partners) and talk through the Investment Leveraging Toolkit. The aim of this process was to improve the implementation teams' confidence in their existing investment leveraging work and draw out the opportunities to improve it and increase learning. For example, the visit of the investment expert was crucial in uncovering the innovation seen from the Malawi team in their various pilot investment arrangements, which was otherwise downplayed on the basis that it had not leveraged significant amounts of third-party investment.

Secondly, communications and networking support country teams to put together investment profiles and attract the attention of relevant investors. In this regard, the central CASA team are increasing their efforts at brokering relationships between the country teams and investors at the international level. For example, recent discussions took place between the Nordics and CASA management team, where relevant partner profile and investment needs were presented with a view to potential investment.

Finally, there has been increasing recognition that the engagement of national level investors is an area in which CASA could improve. This was particularly relevant for Component A, where the modest ticket size of investment opportunities with its partners is more suited to national, rather than international, investors. Consequently, communications staff have been recruited on a part-time basis, with one of their key mandates being to support country teams and agri-SME partners to engage with relevant local investors. These staff will identify the most effective channels for engagement and directly support in the preparation of presentation materials aimed at engaging and eventually leveraging investment from national-level investors.

CASA TAF has also undertaken three steps to improve its investment leveraging work:

1. Expansion of service offering to include pre-investment technical assistance that provides investor readiness and fundraising support, improving the readiness of firms in DFI pipelines.
2. Evolution of market building TA offering to develop a pipeline of investees for DFIs in new sectors and geographies, broadening the reach of DFI capital.
3. Utilising TAF's experience to expand the service offering to new investment partners, improving the coverage of TAF's TA offering.

5. RECOMMENDATIONS

The extensive learning captured from CASA's diverse experiences in supporting agri-SMEs to leverage investment has led to several recommendations for different stakeholder groups. Below, these recommendations are divided by their intended audiences, which include CASA and other development programmes looking to support agri-SMEs to leverage investment; and FCDO and other donors designing such programmes.

Table 10: Recommendations Based on CASA Experience in Investment Leveraging

Element of Programme Delivery	Recommendation	Relevant Stakeholders
TA delivery for investment leveraging with agri-SMEs	Understand and be adaptable to the macro-economic environment.	Implementers
	Utilise a diagnostic process to determine investment modality and TA type.	Implementers
	Work through both agri-SME and investor entry points to fill information gaps.	Implementers
	Secure specialist support and tools where needed to fill gaps in programme team expertise to support businesses.	Implementers
	Programmatic learnings and best practice should be codified in tools for implementing staff, to use when designing and/or quality assuring external provision of TA for investment leveraging (e.g., CASA Toolkit).	Implementers
	Prioritise building a diverse roster of TA providers across pre- and post- investment phases and targeting core BDS and investment specific services.	Implementers
	Prioritise using existing market actors as TA providers for future sustainability.	Implementers
	Encourage partner agri-SMEs to engage with suitable investors as early as possible so that investment leveraging support can be tailored to investor needs.	Implementers
	Investor engagement helps build the relationships necessary for possible partnership, but does not guarantee the emergence of any deals.	Implementers
	Whilst there is value in providing more general TA for systems which are common across agri-SMEs in different value chains, it is essential to complement this with specific expertise related to the product/market in which the company is working.	Implementers
	TA programmes should be open-minded to innovation with partner agri-SMEs to unlock commercial opportunities within or connected to the initial core business.	Implementers
	TA design must ensure enough time is afforded for agri-SMEs to learn by doing. The value in TA is not just in the service, but in building the agri-SME's capacity to self-replicate in the future, including on borrowing/investment applications.	Implementers
	Post-investment TA, especially on debt transactions, can ensure the efficient procurement and installation of any expansion infrastructure, reducing risk and improving utilisation of the investment.	Implementers
	Partner contributions to intervention cost share can represent a significant mobilisation of private investment into agribusinesses if the correct incentives are well understood by the project and matched with a quality service offering.	Implementers

Element of Programme Delivery	Recommendation	Relevant Stakeholders
Modalities of investment	Work is needed to better understand a) the impact of climate change risks on investment risks/decisions and b) the possibilities/viable options for climate finance in the agri-SME market. To be ascertained through a scoping exercise, including connecting with programmes that have had success here such as the CLIC Connector.	Implementers
	Programmes should be wary of advising partners to take on debt investment, if conditions represent an over-exposure of risk (e.g., exorbitant interest rates, high collateral, unfair terms).	Implementers
	Equity deals are possible with smaller agribusinesses and development programmes can play a valuable brokerage role between PE/VCs and the agribusiness, de-risking both sides through quality TA if necessary.	Implementers
	DFI concessional interest rates increase agri-SME willingness to borrow. Programmes like CASA can increase uptake and deepen impact by supporting investment readiness and business plan delivery at agri-SME level.	Donors
Programme design	Agri-SMEs often need more than just the money – investment should be fit for purpose and offer intellectual and organisational capital too. CASA has shown that development programmes can fill this role by providing TA, which ultimately should pass on to FIs once scaling of the agri-SME market makes it viable.	Donors
	Programmes should be designed to ensure all varieties of TA (pre- post- investment; core- specific-) are within scope to match diverse agri-SME needs.	Donors
Evaluation and results	When embracing more innovative forms of finance, impact may be better measured by the piloting and scaling of new models rather than through the total amount mobilised. For example, the trialling of a new model that is sustained within the market may have much greater long-term impact than a series of debt financing successes which raise a comparatively larger amount of capital. Donor bodies should remain open to embracing the value of innovation alongside targets on total amount of finance mobilised.	Donors

6. CONCLUSIONS

This paper has presented the investment mandate of the CASA Programme, situated this within the broader context of development programming in agri-SME financing, reviewed the achievements of the CASA in mobilising investment with its agri-SME partners, distilled a typology of TA across pre- and post-investment phases, and presented resources for country teams and wider stakeholders that can be used to structure the entire process of offering TA for investment leveraging: a Decision Tree and an Investment Leveraging Toolkit. In doing so, several key lessons have been highlighted throughout the paper. These lessons have formed the basis of recommendations that emerge directly from CASA experience and offer insights for both donors and implementers looking to deliver successful support to agri-SMEs seeking investment to scale their businesses.

ANNEXES

ANNEX 1
GLOSSARY OF INVESTMENT TYPES

Endogenous Investment

Endogenous investment here is used to describe investment taking place from the players inside the business model.

- ***Shareholder equity:*** If the investment is issued from an existing shareholder, they may be issuing new equity from their savings or other business activities. In group companies, there can be internal competition between national or regional subsidiaries. For small or family business owners, they may issue new equity instead of taking profit and spending as household earnings or for other business ventures. If the sum could be taken out of the company, then investing it in the company should be considered additional shareholder equity.
- ***Retained income:*** If a company makes a profit, it has a choice to either reinvest the profit or issue it as dividend. In this case, while it is internally generated by the company, there is no imperative for the owners to retain it in the company, and doing so is to put a potential dividend (outflow) back on the table for reinvestment (inflow). This is a crucial model of investment in countries like Malawi where there is a poorly functioning formal finance market, and may be considered additional compared to the alternative.

Exogenous Investment

If an external lender is involved in issuing the investment loan or equity sum, the sum is given from 'outside' the business model. The benefit of this is that there is an inflow of funds now rather than having to wait for the sum be accumulated in the future (if indeed that is possible without the investment).

However, the principal sum plus a return on investment must be repaid. This represents an eventual outflow of funds (principal plus return on investment), albeit that is smaller than the gains made in a successful project.

- ***Commercial bank lending:*** This is where a financial institution (usually a bank) will issue a loan to a borrower and pay it back with agreed terms. This can be on fixed or variable interest rate terms, and may require collateral (where the bank could repossess an asset if the loan is unpaid).
- ***Equity investing:*** An investor will take a shareholding in the business and usually some degree of control of how the business is run. This covers private equity (for more established businesses) and venture capital (focusing on early stage and start-ups). The provision of equity can be through different share purchase models.
- ***Quasi-equity and guarantees***: Other financing instruments can be used to de-risk principally debt-based financing, including convertible debt and first loss guarantees, where support is provided to a third party that offers the actual financing
- ***Intra-value chain financing:*** In other CASA business models, there may be input financing into the value chain or pooling of investment from VSLAs to participate in a business model. In the case of input financing, there is an external financing source which may fund the suppliers to the SME instead of the SME directly. However, it may be dependent on the SME demonstrating that it is entering a credible and binding business model that necessitates it.
- ***VSLAs / SACCOs:*** For VSLA groups and similar, savings are pooled from members in the local area, and the VSLA group decides where to issue the investment. In this case, there will be a genuine trade-off or opportunity cost for the local beneficiaries – they cannot invest that money in something else. However, if they see an investment in an SME as their optimal choice, that is valid, and the loan will be issued for VSLA gain, just as it would with any other loan-issuing entity. In the case of the most recent CASA Malawi project, the VSLA will be taking a 50% stake in the Special Purpose Vehicle alongside the SME as the other 50% shareholder. This brings, in fact, more of an equity investment model where the VSLA will be providing working capital and equity.

Financing for agri-SMEs also needs to consider short-term working capital financing versus long-term capital expenditure financing. For short-term overdraft or seasonal working capital, higher interest rates of 1-2% per month can be relatively tolerable, whereas applying the same to capital investments over 3-5 years will make most projects unviable.

ANNEX 2

NEPAL CASES

2A. MANGALAM DAIRY

Company: Mangalam Dairy and Foods Industry Pvt Ltd

Investor: Commercial bank

CASA project title: Facilitate Improved Access to Investment Support Services and Financing

Instrument type: Debt finance

Basic terms of the agreement: Two term loan with base interest of 4% plus a premium of 1%, adjusted quarterly. Loan amount of up to 70% of appraised value for real estate construction or project operation. For property purchases, up to 70% of purchase price as per bill payment. Repayment options: Within a year with quarterly instalments, or over seven years with quarterly instalments. Instalment amounts remain constant. Adjustment requests follow bank directives.

Significant episodes of change and/or momentum toward leveraging the investment: CASA has been instrumental in helping Mangalam leverage finance for its dairy plant establishment. By providing a chartered accountant, CASA assessed Mangalam's investment readiness, including evaluating the partner's current financial situation. This assessment was followed by an analysis of the lending criteria of several FIs. The consultant coordinated with several commercial banks to understand various loan schemes, identifying suitable agricultural loans at subsidized rates that Mangalam qualified for. This comprehensive support facilitated Mangalam's efforts to secure the necessary debt financing for the construction and operationalization of their dairy plant.

Different investment options that were considered (i.e., why was this one chosen?): The company's preferred form of investment was debt financing and other forms of financing were not considered at the time, as agriculture loans are subsidized and one of the cheapest forms of finance.

Purpose of investment (e.g., financial, strategic, capacity): The purpose of the investment was to build a new dairy plant.

Activities funded by the investment and people involved: CASA provided Mangalam with a chartered accountant and an auditor to prepare the financial documents required to successfully acquire the required finances to set up their dairy plant. CASA then supported Mangalam with a skilled engineer to design the production floor layout and oversee equipment installation, ensuring smooth operations. CASA also supported Mangalam with two dairy technologists to support factory operations, due to which Mangalam worked towards quality improvement and product diversification and successfully launched new products into the market such as Churpi, ice cream and table butter.

Involvement of and benefits for smallholder farmers: After commencing operations, Mangalam collects 4,500 litres of milk during flush season and 3,000 litres during lean season. Additionally, Mangalam started collecting milk from nine collection centres. Mangalam collects milk from over 1,000 farmers.

Considerations of climate, gender and nutrition: Mangalam hired two dairy technologists to help with improving the quality of their dairy products, increasing the availability of nutritious food in the market.

Results and benefits for the company: Availability of funds for the construction of the new dairy plant.

Results and benefits for the investor: Interest earnings from timely payments.

Relationships built, including with CASA: The partnership with Mangalam was designed in two phases. The first phase of the partnership focused on leveraging investment for construction of the dairy plant. Upon receiving investment, CASA continued to engage with Mangalam to co-design the second phase of the partnership which focused on supply chain strengthening, product diversification and marketing and promotion activities. (The partnership was contingent upon receiving investment).

Any evidence of systemic change (even greenshoots, or positive economic signs): Mangalam has sustained the dairy technologists even after the completion of the project. Additionally, Mangalam has been continuing its marketing activities such as radio and print advertisements.

2B. MSSK

Company: Mahila Samudayik Sewa Kendra (MSSK)

Investor: Commercial bank

CASA project title: Facilitate Improved Access to Business Development Services, Finance, and Investments

Instrument type (e.g., debt, equity, joint venture, input financing) and basic terms of the agreement (e.g., amount, repayment, other conditions): Debt financing; Interest Rate: 6.5% (subsidized agriculture loan, government pays 5%); Repayment: quarterly payment; Loan duration: 5 years

Significant episodes of change and/or momentum toward leveraging the investment: TA provided by CASA helped MSSK to have their loan approved quicker. The business plan developed by the consultant had a good case for the banks to approve the loan.

Different investment options that were considered (i.e., why was this one chosen?): Nepal has low interest rates on agriculture-related loans, hence agri-based SMEs generally prefer them. The interest rates on agriculture loans up to NPR 50,000,000 are subsidised by the government. Even the interest rate on commercial loans is generally cheaper (usually between 10-13%). Like with many of the CASA partnerships, other options were not considered.

Purpose of investment (e.g., financial, strategic, capacity): Construction of dairy plant, purchase of equipment and working capital.

Activities funded by the investment and people involved: CASA provided TA to MSSK in Ghorahi, Dang, to access funds and construct a new dairy plant and also supported them to improve their production process and marketing of diversified dairy products. The partnership was designed in two phases, where the pre-investment activities focused around leveraging subsidised debt financing to construct the dairy plant and procure necessary equipment. To do so, CASA provided TA through an investment specialist, dairy expert and a marketing expert to develop a business plan, conduct scoping of potential FIs, develop a structural blueprint of the dairy plant, and conduct market research. Upon operationalisation of the dairy plant, CASA provided post-investment support through a dairy technologist for packaging design and a marketing expert to conduct efficient marketing and promotional activities.

Involvement of and benefits for smallholder farmers: The dairy (registered under Dudh Sagar Dairy Udhyog) is currently collecting 500 to 700 litres of milk per day and is producing and marketing traditional quality dairy products such as paneer, ghee, and yoghurt. Dairy farmers have access to a secure market to supply milk to. More than 4,000 dairy farmers received training on Good Manufacturing Practices (GMP), which focused on practical ways to improve the quality of milk.

Considerations of climate, gender and nutrition: Over 90% of beneficiaries from this intervention are women. The initial partnership with MSSK was extended to include considerations for food and nutrition security. The extension plan focused on building capacity of dairy farmers to boost production of milk and productivity of dairy animals through GMP training. It focused on availability and access of milk and dairy products, two of the four parameters of food security identified by FAO. CASA provided TA support to MSSK to promote and market milk and dairy products as nutritious drink and food through marketing campaigns.

Results and benefits for the company: MSSK was able to access the loan in a short period of time and construct the dairy plant. MSSK are more aware of the documentation process to apply for additional loans in the future and have the capacity to do so.

Results and benefits for the investor: Received timely interest payments. Provided debt financing to an agri-SME, which is promoted as a productive sector by the government. Commercial banks have to deploy 10% of their loan portfolio in agriculture.

Relationships built, including with CASA: Right from the start of the partnership, MSSK was proactive in completing the activities and have their dairy plant up and running. Once the initial partnership was over, CASA continued to engage with MSSK to co-design the second phase of the partnership which focused on providing GMP-related training to dairy farmers.

Any evidence of systemic change (even greenshoots, or positive economic signs): MSSK recently applied for and received an additional loan to purchase equipment for production of hard cheese. MSSK continues to employ staff in key positions that CASA had initially supported.

2C. PAICHO PASAL

Company: Paicho Pasal Pvt Ltd

Investor: Commercial bank and shareholders

CASA project title: Promote, replicate and expand improved business model to attract further investments

Instrument type: Debt finance and new shareholder equity injection

Basic terms of the agreement: Paicho initially secured funding through an agricultural loan with a 5% subsidy and 3% interest. However, this initial investment proved insufficient, prompting Paicho to pursue additional debt financing. In response to a liquidity crisis, Paicho sought and obtained a second round of financing at a 13% interest rate. Nevertheless, confronted with inadequate collateral and loan limitations, Paicho chose to raise equity investment from shareholders to finance their expansion into Province 4.

Significant episodes of change and/or momentum toward leveraging the investment: Through the activities described below, CASA facilitated the entire loan application process, resulting in Paicho receiving its first loan under the partnership. Leveraging CASA's documents and network, Paicho successfully secured a second round of loan. As Paicho grew bigger in Province 5, they aimed to expand into Province 4, incorporating farmers, outlets, and collection centres from this region. Having reached their collateral limit, they sought equity investment. CASA organised an investment meeting with eight private equity firms, helping Paicho pitch to the investors but when negotiations fell through, Paicho used the pitch deck and documentation co-created with CASA to secure investment from their shareholders. This support enabled Paicho expansion and operational improvements.

Different investment options that were considered (i.e., why was this one chosen?): The company primarily favoured debt financing, particularly through subsidized agricultural loans, which are among the most cost-effective forms of finance. However, when they lacked sufficient collateral, they opted to raise equity investment from their shareholders.

Purpose of investment (e.g., financial, strategic, capacity): 1) First debt financing was used to establish 38 collection centres and three sales outlets, along with factory upgrades and vehicle purchase; 2) Second debt financing was used to purchase raw materials, machinery, computer hardware and for working capital; and 3) Shareholder equity investment was used to expand operations in Province 4 and for further working capital.

Activities funded by the investment and people involved: To support Paicho, CASA provided comprehensive documentation assistance, including the development of a business plan, pitch deck, and valuations required to secure investments from commercial banks and equity investors. A business consultant from CASA conducted a readiness evaluation, performed a gap analysis, and created a five-year projection plan. CASA also established Paicho's eligibility for agricultural loans with minimal interest rates by scanning existing loan options and selecting the agri-loan from the eventual provider after comparing interest rates from different banks.

Involvement of and benefits for smallholder farmers: With leveraged investment, Paicho expanded its collection centres in Provinces 4 and 5 and introduced various product lines, entering major marketing chains and department stores for the first time. They established three sales outlets and more than 38 new collection centres. To support their expansion, Paicho incorporated 9,000 new farmers into their supply chain, ensuring fair rates and a guaranteed market by eliminating middlemen. Paicho provided technical teams to enhance produce quality and yield, connecting farmers with agri-input companies and climate-smart agriculture tools. They upskilled 13,500 smallholder farmers, including 4,000 specifically trained in food security. As a result, 60% of the farmers adopted at least one type of climate-smart technology during the partnership. In addition to this, their collection centres also served as barter stores, allowing farmers to exchange produce for essential commodities.

Considerations of climate, gender and nutrition: At least 60% of Paicho's farmers are women, and new women farmers were integrated into their supply chain. Women farmer groups were formed, trained, and supported in contract farming, developing them into commercial farmers. Paicho implemented climate-smart agriculture practices and created demonstration plots to train farmers. They introduced climate-smart agricultural practices like drip irrigation, tunnel farming and mulching, and provided agricultural tools on credit to farmers in need. They also trained farmers in integrated pest management, and post-harvest techniques to enhance produce quality and farm productivity.

Results and benefits for the company: Paicho diversified its product lines, with significant improvements to the popular ketchup line. They opened three sales outlets and more than 38 new collection centres, successfully expanding operations to Province 4 and major department stores such as Bhat Bhateni, SalesBerry and Bigmart.

Additionally, they improved factory operations by enhancing equipment and upgrading facilities.

Results and benefits for the investor: Interest earnings from timely payments for banks and dividends for shareholders.

Relationships built, including with CASA: CASA assisted Paicho in leveraging investment for the company's expansion, building relationships not only with financial institutions but also with private equity and venture capitalists (PE/VCs). As a result, Paicho is now on the radar of True North Associates, a PE/VC firm that could help the company explore opportunities for an Initial Public Offering. Through their collaboration, significant investment readiness gaps were identified, and an engagement plan is in place to improve the organisational gaps. Additionally, CASA helped Paicho digitalise its operations, streamlining processes such as procurement and sales.

Any evidence of systemic change (even greenshoots, or positive economic signs): The model adopted by Paicho was innovative in Province 5, providing farmers with a guaranteed market and removing middlemen. Witnessing its success, many agricultural cooperatives in Province 5 have adopted Paicho's model, ensuring direct benefits for farmers without intermediaries. There are other companies, like Fresh KTM and Pahadai, who are following similar business model like Paicho.

2D. SATYA HERBAL AND SPICE PRODUCTS PVT LTD

Company: Satya Herbal and Spice Products Pvt Ltd, a medium-sized company that processes valuable Medicinal and Aromatic Plants (MAPs)

Investor: Development bank

CASA project title: Improving Competitiveness of Export-oriented Agri-SME through Better Factory Capacity Utilisation

Instrument type (e.g., debt, equity, joint venture, input financing): Debt financing

Basic terms of the agreement: Secured debt financing for factory upgrades and processing. The interest of the loan is 13.5% for the duration of 5 years.

Significant episodes of change and/or momentum toward leveraging the investment: Using the Porters Value Chain (inbound logistics, operations, outbound logistics, marketing, and sales and service), CASA identified constraints for Satya such as insufficient supply chain with lack of technical knowledge among farmers, maintenance of product quality and processing skill, required international certifications and marketing/client building, which posed as challenges for the company growth. With investments already made by the company in machinery and infrastructure, CASA saw an opportunity to support Satya to achieve their goal by increasing firm capacity and competitiveness and hence, partnered with the company.

Different investment options that were considered (i.e., why was this one chosen?): There were limited equity investors willing to invest in a high-risk sector such as agriculture which is seen as not lucrative due to bounded management bandwidth, lack of governance structure, high informal transactions, lack of accountability and the investors' own lack of technical knowledge and market exposure in the sector. Additionally, the company could not find other suitable types of funders such as cooperatives or funds available that would support their growth initiatives without added risks such as higher interest rates. Hence, Satya decided that an agri-loan would have been the best alternative solution considering that they had collateral available. However, as the government stopped providing 5% subsidies on agri-loans, the company ended up going with a simple commercial loan instead.

Purpose of investment (e.g., financial, strategic, capacity): Factory upgrades, increased production, and raw herb and spice procurement.

Activities funded by the investment, TA and people involved:

In-bound logistics: TA to support increase in MAP quality and procurement volume

- Farmer training on sustainable production and handling of herbs – **Currently ongoing**
- Engage an expert to aggregate new farmers into supply chain – **Currently ongoing**

Production/Operations: TA to support production increase

- Support to leverage third-party investment by engaging business consultants to develop business plan, financial projections and required documents. Consultation provided and business plan created by Business Oxygen team for debt financing.
- Engage international MAP expert for quality production and transfer knowledge to production staff. Initiated Satya's own Silajit purification plant and process.

Sales and marketing: TA to improve buyer networks and market positioning

- Website development and operationalization to reach new market destinations and clients. – Completed and launched the website by engaging a web developing company.
- Access to online trading platforms to enable access to global network of potential clients.
- Product marketing and packaging support to improve brand positioning. Completed brand design for packaging.
- Support to acquire Organic, ISO, HACCP and GMP quality certifications to ease export access. Acquired ISO 9001:2015, HACCP and GMP quality certifications and undergoing audit for Organic.

Involvement of and benefits for smallholder farmers:

- 1,000 smallholder farmers in Satya's supply chain will receive post-harvest and product handling training
- 500 new smallholder farmers will be incorporated into Satya's supply chain
- 1,000 farmers (50% women) will benefit with additional annual net income of £80 over six months

Considerations of climate, gender and nutrition:

- Climate sensitive approaches to harvesting, growth and plantation of MAPs will be communicated to the collector and farmer communities through training on sustainable production and handling of herbs.
- Introducing agroforestry as an approach to create economic opportunities as well as introducing the medicinal and nutritional impact of specific plant species.
- Women will be educated about the market price of various MAPs and will be communicated the right channels to approach the market to get better prices for their products. Additionally, equal numbers of women and men will receive training, be brought into the supply chain, and have increased income.

Results and benefits for the company:

- Significant additional revenue through a 40% increase in production and sales by 2024
- Employment opportunities for ten additional staff to increase production
- Exports increased to three new countries in Europe region by 2024

Results and benefits for the investor: The bank will be repaid in principal and interest from funds lent to Satya. In case of a possible equity investor in the future, Satya plans to return their investment by at least 5% per annum.

Relationships built, including with CASA: Satya has found CASA to be instrumental in identifying the strengths and areas of improvement for the company, especially when it came to brainstorming possible ways forward and leveraging the opportunities created. CASA has supported Satya and increased their exposure towards the investor community which allowed the company to understand the financing ecosystem and helped them build effective networks with not just investors but industry professionals such as Business Oxygen.

Any evidence of systemic change (even greenshoots, or positive economic signs): There is a growing market demand for processed MAP and efforts to build trade relations with the European market for MAP. For this, the company plans to increase production, improve product quality, and strengthen its marketing. As Satya plans to scale up, the company seeks to lead the export market in Nepal by tapping into raw, semi-processed and fullyprocessed MAP and further penetrating the European market.

ANNEX 3

MALAWI CASES

3A. AMAZON POULTRY

Company: Amazon Poultry

Investor: Commercial bank

CASA project title: Stimulating SME Interest in Investing in Out-grower Schemes/Contract Farming

Instrument type (e.g., debt, equity, joint venture, input financing) and basic terms of the agreement (e.g., amount, repayment, other conditions): Debt; Bridging credit financing whose amortization was structured in sync with the matching grant secured from Malawi Innovation Challenge Fund (MICF) to de-risk the loan from the bank.

Significant episodes of change and/or momentum toward leveraging the investment: CASA supported Amazon to develop management accounts, financial projections and a business and investment plan to enhance the fiduciary management regime. Technical support towards application for the loan from MAIIC and the commercial bank. CASA further supported Amazon Poultry to also apply for a matching grant from MICF to de-risk the commercial credit finance. Amazon secured a matching grant from MICF. Upon including this matching grant into the application dossier, the bank proceeded to offer Amazon Poultry a commercial loan amounting to a similar amount. The disbursement of the loan was structured in synchronisation with the MICF milestones delivery and disbursement in order to de-risk the commercial loan provided by the bank.

Different investment options that were considered (i.e., why was this one chosen?): The company explored two options: matching grant and credit finance from the banks. The application for commercial loans was made to a number of banks. The selected loan provider was chosen as it would seamlessly bridge the temporal investment gap from the matching grant secured from MIFC and the grant would de-risk the loan.

Purpose of investment (e.g., financial, strategic, capacity): To finance expansion of the hatchery, procure a feed mill, and build a new abattoir.

Activities funded by the investment and people involved: Above cited procurement activities. Amazon Poultry and CASA technical support towards the investment readiness and application process, as well as technical support towards designing an out-grower scheme which was aimed to benefit from the expanded capacity in chicks and feeds production by Amazon Poultry.

Involvement of and benefits for smallholder farmers: Consolidation of benefits from the out-grower scheme via 1,000 smallholder farmers contracted by the company. They would benefit access to inputs on loan, an offtake market by Amazon for chickens and feed raw materials, and provision of poultry management extension services.

Considerations of climate, gender and nutrition: Amazon has modified designs of Kraals and trained out-growers to build similarly adapted Kraals to suit the changing climate conditions without affecting production; Engaged at least 50% women in its out-grower scheme; Amazon chicken production helps provide an affordable protein, hence contributing to improved nutrition.

Results and benefits for the company: Increased capacity to produce 560 MT/month of broiler feed from 250 MT previously; Increased capacity to produce and supply 35,000 Day Old Chicks (DOCs) per week from 10,500 DOCs per week prior to the investment.

Results and benefits for the investor: The bank will profit from interest accrued on the loan to Amazon; Increased market intelligence on commercial viability of financing poultry SMEs.

Relationships built, including with CASA: Through the project, Amazon Poultry has been linked to primary financiers (commercial banks), and continental agri-finance pitching platforms such as the AGRF, through which the poultry SME pitched its investment needs at the 2023 AGRF in Tanzania. There are continued relations between CASA and Amazon. Beyond the project closure in June 2022, CASA is able to get information related to the poultry business, and evolving investment needs and opportunities in the industry.

Any evidence of systemic change (even greenshoots, or positive economic signs): Yes, particularly around increased support services, such as the supply of feed processing inputs to Amazon Poultry by smallholder grain producers, the expansion of feed and DOCs distribution services, all of which contribute to increased incomes for third-party actors, including smallholders.

3B. NYALUWANGA FARMS LIMITED

Company: Nyaluwanga Farms Limited

Investor: Owners via their Pension Fund

CASA project title: Facilitating Access to Finance for Small and Medium Enterprises

Instrument type (e.g., debt, equity, joint venture, input financing) and basic terms of the agreement (e.g., amount, repayment, other conditions): Equity financing from owners' Pension Fund.

Significant episodes of change and/or momentum toward leveraging the investment: CASA supported Nyaluwanga to develop a business plan to become investor ready. Armed with these tools, the partner applied for a loan from Malawi Agriculture and Industrial Investment Corporation (MAIIC) and was offered a first tranche of a loan worth 33% of the initial application. The partner did not take up the loan due to the attached conditions and high cost of financing. MAIIC requested that the business owners buy life insurance equivalent to the loan amount and Nyaluwanga found the cost of the loan too expensive. Following the Covid pandemic and outbreak of the Ukraine war, increases in feed prices reinforced the company's need to invest in a feed mill; otherwise they would go out of business. Based on the business plan, Nyaluwanga estimated that owning a feed mill would lower feed costs by at least 30%. The company, therefore, resolved to invest in a feed mill immediately by using their own pension fund savings maintained with a South African Pension Fund Manager.

Different investment options that were considered (i.e., why was this one chosen?): Nyaluwanga applied for a loan in 2021 from MAIIC, with a positive response to the initial loan application to be disbursed in phases (starting with a tranche of 1/3 of the total value). However, the company elected to defer the offer due to unattractive terms. The cost was significantly high against the tightening profit margins in the poultry business.

Purpose of investment (e.g., financial, strategic, capacity): Capacity development in feed production.

Activities funded by the investment and people involved: Invested in a feed mill worth R448,098 (£22,546) as at May 2022.

Involvement of and benefits for smallholder farmers: There is no feed mill in the northern Malawi because all feed processors are either in Blantyre or Lilongwe. Once operational, smallholders will benefit from reduced feed costs because of the exclusion of transport costs for feeds.

Considerations of climate, gender and nutrition from the entire CASA-supported business model: Nyaluwanga used sustainable charcoal for heating brooders, despite being relatively expensive.
The company wants to avoid contributions to deforestation and environmental degradation. Buys chicks and feed for smallholders on the discounted prices offered to it for its out-growers. This lowers cost of production for smallholders, hence retaining a high profit from their production.

Results and benefits for the company: Capacity to produce 1,200 MT of feed per annum for internal use and support to smallholder farmers around the company; Reduced cost of production by an estimated 30% by Nyaluwanga; Increased competitiveness and enhanced ability to expand volumes via buy-back arrangement from smallholder farmers who will be accessing affordable feed.

Results and benefits for the investor: Invested own funds, hence company does not have to pay for cost of borrowing.

Relationships built, including with CASA: Through the project, Nyaluwanga has been linked to a continental investment financing pitching platform, the AGRF, through which it pitched its investment aspirations during the AGRF 2022 Dealroom. Following the Investment Tour that CASA organised, Nyaluwanga has built new business relationships with commercial lending institutions including MAIIC, NBS Bank, Standard Bank, EDF and other partners such as AGRA. There are continued relations between CASA and Nyaluwanga. Beyond the project closure in September 2022, CASA continues to interface with the agri-SME and share information on the poultry business and evolving investment needs and opportunities.

Any evidence of systemic change (even greenshoots, or positive economic signs): Smallholder market actors are now beginning to shift their focus in terms of input sourcing, away from the dominant big commercial players to agri-SMEs such as Nyaluwanga. Alternatively, the smallholders are having to build business relationships with these medium-scale players around last-mile product distribution from which they make more profit margins than sticking to production and competing on prices with the dominant players. The space of gainful operation for the smallholders is being pursued in earnest.

3C. VIPHYA CHAMBO

Company: (1) Viphya Chambo, a medium-sized aquaculture enterprise producing fingerlings and table-sized fish; and (2) Palm Capital, a microfinance company

Investors: Commercial bank and microfinance institution (MFI)

CASA project title: Facilitating Access to Working Capital for Smallholders

Instrument type (e.g., debt, equity, joint venture, input financing) and basic terms of the agreement (e.g., amount, repayment, other conditions): A small (<£5,000) loan financing obtained from the commercial bank by Viphya Chambo to boost working capital in its fingerlings production to cater for the bigger market, with smallholder farmers working as its out-growers; Inputs working capital financing via a local microfinance institution. Repayment structured around two to three tranches and not tied to monthly repayments to ease pressure on farmers during the production season.

Significant episodes of change and/or momentum toward leveraging the investment: Viphya Chambo's main business was initially producing table-sized fish for sale to various consumers in Mzuzu City. With CASA's intervention, Viphya Chambo changed its business model to include fingerling production while leaving much of grow-out to the smallholder farmers. This also meant dedicating part of its pond capacity to fingerling production for sale to the smallholder farmers. To reinforce the out-grower scheme, Viphya Chambo entered into a tripartite agreement with an MFI to provide working capital financing to the smallholder fish farmers who purchase fingerlings from Viphya Chambo (and feed from other suppliers), and sell back grown table-sized fish to Viphya Chambo for downstream supply to their consumer market. The MFI also changed their business model by entering the new loan clientele of smallholder fish farmers, diversifying away from salaried borrowers who initially formed the bulk of their customers.

Different investment options that were considered (i.e., why was this one chosen?): Viphya Chambo opted for debt financing over equity financing to maintain control of governance of the company. Smallholder farmers did not have much of a choice since the MFI is the only financing option they have, apart from "family, friends and fools".

Purpose of investment (e.g., financial, strategic, capacity): For Viphya Chambo, the investment was to add some working capital to service the newly expanded market for fish fingerlings as a result of the out-grower scheme established; For smallholder farmers, it was to finance purchase of fingerlings and feed.

Activities funded by the investment and people involved: Purchase of feed for brood stock, fry and fingerlings.

Involvement of and benefits for smallholder farmers: As out-growers, providing enough capacity for producing table-sized fish, while they have a ready more-profitable market for their production. To facilitate their out-growing, smallholders are also loan clients for the MFI, providing six-month loans for working capital.

Considerations of climate, gender and nutrition: Use of recycled pond water to fertilise vegetable and fruit gardens adjacent to fishponds; More women integrated into a gainful supply chain via access to production inputs credit; Increased fish supply in households and communities

Results and benefits for the company: Larger and consistent supply of table-sized fish to the urban market resulting in more turnover; Longer grow-out, greenhouse production.

Results and benefits for the investor: the commercial bank has a low-risk customer for their loans, resulting in more profit. The MFI, which is providing loans to smallholder farmers, has an expanded client base.

Relationships built, including with CASA: The major relationship built is the one between MFI and the smallholder farmers. The relationship between Viphya Chambo and the commercial bank is also noteworthy.

Any evidence of systemic change (even greenshoots, or positive economic signs): Some players are moving into the market for smallholder fish farmer financing. Insurance Services Limited, a microinsurance service provider, has moved into the market for providing microinsurance services to smallholder fish farmers, covering loss due to death, floods, drought and illness.

3D. YALOKOLO

Company: Yalokolo

(Potential) Investor(s): Smallholder VSLAs and Yalokolo

CASA project title: SME and Out-grower Co-Investment to Fulfil Market Demand for Indigenous Chickens

Instrument type (e.g., debt, equity, joint venture, input financing) and basic terms of the agreement (e.g., amount, repayment, other conditions): Equity finance through a Special Purpose Vehicle (SPV).

Significant episodes of change and/or momentum toward leveraging the investment: Existing VSLAs previously established and trained by CADECOM and COMSIP with at least £1,000 savings per group have been approached by Yalokolo to help them invest their savings in meaningful enterprises. VSLAs have shown interest and Yalokolo plans to engage 50 groups to consolidate funding into the SPV which will be matched by a contribution from Yalokolo. The 50 VSLAs have now begun to mobilise funds from individual members for onward disbursement into the SPV. The parties have set a deadline of 31 March 2025 for all financing contributions to be deposited into the SPV account, at which point procurement of the targeted equipment will commence.

Different investment options that were considered (i.e., why was this one chosen?): Only the SPV is planned to be pursued because of i) the difficulty in securing credit finance for SMEs at this stage, and ii) low own liquidity for Yalokolo to timely invest in all the required capital items. The SPV was chosen because it offers an opportunity for VSLA smallholders to own a stake in a business that presents opportunities for profitable growth.

Purpose of investment (e.g., financial, strategic, capacity): To invest in development of productive capacity.

Activities (TO BE) funded by the investment and people involved: CASA to provide technical support towards formation of the SPV and putting in place governance structure and a steering committee. The money will be invested in a) Setting up a hatchery facility to produce and supply indigenous chicks to both smallholders and Yalokolo and related running costs; b) Installing an abattoir for processing chickens and related running costs; and c) Setting up an organic fertiliser production unit, ferrying truck and related running costs.

Involvement of and benefits for smallholder farmers: Smallholders will be shareholders in the SPV but also producers of indigenous chickens that will be offtaken by Yalokolo, offering them a reliable market and premium product prices.

Considerations of climate, gender and nutrition: The setting up of the organic fertiliser production unit will contribute to better soil nutrition and soil health, and increase productivity and resilience against climate change. Yalokolo will ensure participation of 50% women in all training. Most of the VSLAs already consist of at least 50% women.

[Anticipated] Results and benefits for the company: Increased production and sale volumes. The SPV will allow Yalokolo to raise own production from 3,200 to 6,400 birds per annum and supply volumes to the market from 3,200 to a minimum of 20,000 chickens per annum (15,000 will come from out-growers in VSLAs).

Results and benefits for the investors (Yalokolo and VSLAs): Increased incomes from diversified sources (e.g., hatchery services, organic fertilisers and grown chicken sales).

Relationships built, including with CASA: Still in process, among CASA, Yalokolo and the smallholder farmer VSLAs.

Any evidence of systemic change (even greenshoots, or positive economic signs): Not applicable – project still under design stage.

ANNEX 4

RWANDA CASES

4A. FINE FISH

Company: Fine Fish

Investor: BRD (Development Bank of Rwanda)

CASA project title: Supporting Smallholder Fish Farmers to Access Quality Floating Fish Feeds

Instrument type: Working capital loan.

Basic terms of the agreement: (TBD) repayment, other conditions; Fine Fish Ltd has applied for a sizable (~£500,000) investment and working capital loan to expand their production unit and to buy ingredients and packaging materials from the Development Bank of Rwanda (BRD). CASA will support Fine Fish Ltd with the technical assistance required to be investment ready to access and absorb this loan.

Significant episodes of change and/or momentum toward leveraging the investment: Based on CASA support whose project with Fine Fish Ltd has been approved by FCDO at business plan level, FF expects to start negotiating in June with CASA technical support.

Different investment options that were considered (i.e., why was this one chosen?): Fine Fish Ltd has been selected as the partner for this project. They have invested significantly (>£1,000,000) to build a factory for fish feed production that is currently producing 20 tonnes of floating feeds per day which will reduce the reliance on expensive imported fish feeds. Just 20% is for their own use, 50% targeted to large fish producers, with the excess available to address demand from MSMEs and cooperatives (30%).

Purpose of investment (e.g., financial, strategic, capacity): To cover the high working capital, need to run the feed plant and distribution.

Activities funded by the investment and people involved: The investment sought to cover ingredients and packaging materials; and TA to accompany FF in financial readiness and management after the financing.

Involvement of and benefits for smallholder farmers: 2,500 farmers organised in cooperatives and MSMEs will benefit from accessing quality floating feeds if the financing is obtained by Fine Fish Ltd and technical assistance provided by CASA.

Considerations of climate, gender, and nutrition: The project beneficiaries will involve at least 30% women, while nutrition will be improved through increased production of fish resulting from access to quality feeds by farmers. Fine Fish aims to use BSF as part of its feed ingredients to limit the impact on climate change by the decrease in maize and soya production. Additionally, CASA will support Fine Fish Ltd to develop an Environmental, Social and Governance (ESG) strategy and contribute to GoR's goals around gender inclusion and green growth. This may include actions such as conducting an energy audit, measuring the SME's GHG emissions, and determining activities to ensure reductions, improving waste management, and incorporating more women smallholders in the supply chain.

Results and benefits for the company: FF plans to access financing from BRD, will mobilize 2,500 farmers by year 1 to access quality feeds. On the other hand, FF will significantly increase its revenues.

Results and benefits for the investor: BRD bank will benefit from reaching a skilled business owner who may otherwise have been unwilling to borrow soon. In addition, the bank will increase its own revenues generated through the provision of this loan to FF.

Relationships built, including with CASA: The co-financing will bring knowledge to the CASA team and subsequent programming.

Any evidence of systemic change (even greenshoots, or positive economic signs): Not yet, evidence of systemic change will be tracked with the project implementation.

4B. PLATINUM AGRIBUSINESS

Company: Platinum Agribusiness

Investor: National credit and savings society (CSS) bank

CASA project title: Supporting Access to Affordable and Nutritionally Improved Feeds by Smallholder Producers of Layers

Instrument type: Debt financing coupled with interest rate subsidy from CDAT

Basic terms of the agreement (e.g., amount, repayment, other conditions): The CSS will offer working capital financing to PA aiming to cover i) the cost of feed ingredients PA needs to produce feed products, and ii) operational costs to run the feed processing unit. The loan is to be repaid within one year regularly renewable, with a subsidised rate of 8% from the CDAT fund. CASA will cost share in the pilot programme by providing technical assistance to mobilise up to 800 farmers in the pilot phase, capacitate them in poultry rearing and better use of feed for productivity efficiency. It will also invest in part in the feed processing equipment.

Significant episodes of change and/or momentum toward leveraging the investment: Based on CASA support, whose project with PA has been approved by FCDO at concept note level, PA has moved forward with negotiating and partly receiving the required financing to invest in the infrastructure for the feed processing unit.

Different investment options that were considered (i.e., why was this one chosen?): Running a feed processing unit is capital intensive. PA has invested in infrastructure and equipment (with support expected from CASA) but will strongly need working capital to run the processing unit both to source feed ingredients (70%) and to cover operational costs for the unit.

Purpose of investment (e.g., financial, strategic, capacity): To cover the high working capital needed to run the feed processing unit.

Activities funded by the investment and people involved: The investment seeks to cover cost of feed ingredients, staffing and other operational costs to run the processing unit, and TA to support PA in financial readiness and management after the financing.

Involvement of and benefits for smallholder farmers: 800 farmers will benefit from capacity building and subsidized feeds if the financing is obtained by PA and technical assistance is provided by CASA.

Considerations of climate, gender, and nutrition: PA aims to use black soldier fly as part of its feed ingredients to limit the impact on climate change by decreasing maize and soya production. Project beneficiaries will involve at least 50% women, while nutrition will be improved with the increase of poultry product consumption because of this project.

Results and benefits for the company: PA will access financing from the CSS Bank, will mobilise 800 farmers by year 1 and up to 2,000 by year 5 that will benefit from capacity building and subsidised feeds to increase their productivity and therefore income. On the other hand, PA will significantly increase its revenues.

Results and benefits for the investor: The CSS Bank will benefit from reaching a skilled business owner who may otherwise have been unwilling to borrow at previous commercial rates. In addition, the bank will increase its own revenues generated through the provision of this loan to PA.

Relationships built, including with CASA: The co-financing will bring knowledge to the CASA team and subsequent programming.

Any evidence of systemic change (even greenshoots, or positive economic signs): Evidence of systemic change will be tracked with the project implementation.

4C. BDO EAST AFRICA

Investor: FIs and Development Bank of Rwanda (BRD)

CASA project title: Enhancing Financial and Investment Readiness to Empower SMEs to Access Commercial Loans and External Capital for Investment

Instrument type: Deal generation, debt

Basic terms of the agreement (e.g., amount, repayment, other conditions): BDO is a business services provider serving BRD for deal generation with agri-SMEs. BDO will use the BRD financial instrument, including CDAT, as such: Farmers/SMEs are required to come up with well-prepared project proposals, with clear targets, since the objective of this project is to promote agribusiness, by looking first at existing challenges. Transfer of loans shall be through the BRD, channelled to banks and MFIs (including SACCOs) at an interest rate of 4.5%, finally farmers/SMEs accessing the same loans at a subsidised interest rate of 8%. CASA will co-fund the pilot with BDO.

Significant episodes of change and/or momentum toward leveraging the investment: The project has been approved by FCDO and commenced in May 2024. There has already been evidence through the CASA pipeline that the 8% interest rate can stimulate the private sector to take on debt investment whereas before they would not (see Platinum case). This is hoped to be rolled out to three companies through BDO.

Different investment options that were considered: CASA sought to build on BDO's agreement with BRD which combines BDO's business development services with the BRD loan package including CDAT from the World Bank.

Purpose of investment: CASA is co-financing with BDO to generate deals with objectives of crowding in deal-generation financial services into harder-to-reach agriculture value chains, and for BDO to provide investment readiness TA which combines affordable loans and ongoing business support tools.

Activities funded by the investment and people involved: Through BDO financial readiness and deal generation, commercial growth, working capital and investment in capital will be supported across at least three partners. CASA will provide TA support to BDS to a) Assist SMEs to navigate the governance requirements and financial intricacies necessary for securing commercial loans and external investments; b) Support SMEs to attract and absorb sustainable finance for growth, and c) Assist investors/FIs to understand the feasibility of agri-SMEs as viable target customers.

Involvement of and benefits for smallholder farmers: Smallholder farmers in hard-to-reach and riskier value chains (including poultry, vegetables and aquaculture) will benefit.

Considerations of climate, gender and nutrition: The BDO activities will be pulled into CASA value chains that have been selected according to criteria on climate, gender and nutrition.

Results and benefits for the companies: Companies will benefit from having TA on investment readiness and deal generation services ongoing in Rwanda, whereas before they would not. This will deliver a) At least three SMEs (aquaculture, poultry and vegetables) consistent with CASA selection criteria, inclusive of smallholder supply chains, who are well placed to access and apply for commercial loans and other external investment; b) At least £450,000 leveraged into the target SMEs (3 X £150,000) working with smallholder farmers; c) Increased agriculture portfolio of private investors and commercial Fis, and d) BDS provider choosing to expand the model based on pilot success and demonstrable opportunities to commercially service agri-SMEs with smallholder supply chains.

Results and benefits for the investor: BRD and commercial banks will benefit from reaching skilled business owners who may otherwise have been unwilling to borrow at previous commercial rates.

Relationships built, including with CASA: CASA will leverage BDO's agreement with BRD to crowd in services to neglected and riskier value chains, alongside favourable CDAT loans. The co-financing will bring knowledge to the CASA team and subsequent programming.

Any evidence of systemic change (even greenshoots, or positive economic signs): Evidence of systemic change will be tracked, building on initial potential identified already in the introduction of CDAT.

ANNEX 5

ETHIOPIA CASES

5A. LEOS EDIBLE OIL AND SOYA PRODUCTS

Company: LEOS Edible Oil and Soya Products

Investor: Looking for investment from commercial banks (debt) and equity investment

CASA project title: Contract Farming between LEOS and Farmers' Cooperative Unions to Create Better Market Access for Smallholders with Storage Support During Harvesting Season

Instrument type (e.g., debt, equity, joint venture, input financing): Looking for debt and equity investment.

Basic terms of the agreement (e.g., amount, repayment, other conditions)**:** Yet to be negotiated**.**

Significant episodes of change and/or momentum toward leveraging the investment: LEOS is currently operating below 50% processing capacity (22.4 tonnes soybean/day). The company needs to procure enough soybeans during harvesting season to address the shortage during off-season. As well as the shortage, the high price requested by the aggregators has also been creating a huge obstacle for the company to utilize its crushing capacity. The company needs to allocate additional resources to engage in bulk purchase with competitive prices directly from smallholder farmers through their cooperatives. LEOS aims to produce neutralized, bleached and deodorized edible oil like sunflower oil, niger oil and soya been oil for domestic customers. In partnership with CASA Ethiopia, the company will be able to build a robust supply chain directly working with farmers. This is expected to be met with enhanced processing capacity especially during peak season so it can have year-round supply serving the domestic market.

Different investment options that were considered (i.e., why was this one chosen?)

Purpose of investment (e.g., financial, strategic, capacity): The investment is for agricultural inputs, and sourcing and working capital. It is expected to enhance the processing capacity of the company to ensure that they can carry out optimal volume for processing during peak season when the raw material is available in the market.

Activities funded by the investment, TA and people involved: The CASA Programme partnership with LEOS Edible Oil and Soya Products will address bottlenecks in the soybean value chain and supply linkages with smallholder farmers and farmers' cooperatives. This will be achieved through a contract farming model that embeds inputs provision and demand-based technical assistance for producers to improve their productivity and their adaptive capacity and resilience to climate change. The project will also leverage financial support from financial institutions for working capital for the processor. This partnership will enhance the ability of the company to source increased volumes of soybean at fair prices directly from smallholder farmer cooperatives, while introducing a new model of engagement with smallholder farmers through farmers' cooperative unions, and to store this produce over longer periods to feed its processing unit and gradually raise processing capacity. This will benefit 4,000 smallholder farmers (40% women) under two farmers' cooperative unions by sustainably increasing their income and contributing 25% of edible oil import substitution efforts of the government through domestic companies as outlined in the country's OSAP programme. Moreover, LEOS in partnership with CASA, will work towards accessing an additional £400,000 for agricultural input procurement and sourcing of soybean due to increased private sector investment. In addition to using £63,000 of its own resources to invest in the contract farming arrangement with cooperative unions and bulk purchase from them, LEOS will receive investment readiness support from CASA in the first year of the project pilot. CASA will assist the company in the preparation of a justified and bankable business plan via STTA support and link them with the financiers /banks to secure the required funds. Access to additional financing will enhance its crushing capacity to at least 80% (80 MT/day soybean).

Involvement of and benefits for smallholder farmers: This will help the company expand and scale its contracted farmers outreach being a reliable market for smallholders engaged in soyabean and other edible oil production. This is expected to improve wide adoption of soya bean crop as a rotation crop with attractive payback for farmers which helps maintain soil fertility for staple crop. It is expected that 4,000 farmers will be contracted, each receiving on average £100 in additional income.

Considerations of climate, gender and nutrition: The soybean commodity itself has a positive impact on soil fertility to increase the productivity of smallholder farmers. Improved seeds and rhizobium inoculant will be promoted to smallholder farmers to improve the production capacity and support adaptation to climate change. The project will also promote proper and minimal application of pesticides and herbicides as per expert recommendations with preference for Integrated Pest Management (IPM) where appropriate. Awareness will also be raised among target farmers on climate adaptation and environment protection measures.

The project will target 40% women (including women in male-headed households) during the smallholder targeting process. LEOS will focus on women farmers while facilitating access to inputs, finance, trainings, and advisory services for the target groups. The trainings and experience sharing events will also be organised in suitable locations for ease of travel for women. The company and farmer cooperatives will allow women producers to bypass the queue during product collection, aggregation, and transportation and storage services to minimise the time women spend in delivering soybean to cooperatives as they are engaged in various activities. These are expected to encourage women farmers and gain access to better knowledge and market.

Farmers engaged in sustainable contract farming arrangement with LEOS due to diverse support provided and access to reliable market are expected to earn an additional income of £100 per farmer. This additional income will contribute to the household food budget for enhanced food security of smallholder farmers in the project intervention areas. The oil produced is free from cholesterol, organic and cheaper than the palm oil which poor families can afford to enable them to increase fat consumption to gain more energy and contribute to proper functioning of brain system.

Results and benefits for the company: Through the partnership Leos will be able to develop a working model to secure sustainable supply relationships for quality raw material for its processing. During the piloting phase with CASA, LEOS will gain increased processing capacity with yield of 62.4 MT oil cake meal/day and 960 MT edible oil/day. This means an increased raw material sourced by 10,800 MT of soybean from 4,000 smallholder farmers.

Results and benefits for the investor: Financers will be able to get good evidence of commercial returns and be linked to business in the soya bean supply chain that are not connected to the mainstream financial lenders. This expands their portfolio, opening a new business opportunity.

Relationships built, including with CASA: With the contract farming business model being a new development with much interest from the public sector, there will be strong government relationships and farmer cooperative unions to be nurtured and forged in these initiatives. This will open the opportunity for scale-up be it with LEOS but with other offtakers in agribusiness in soya bean and beyond.

5B. KUNIFIRA AGRO-PROCESSING PLC

Company: Kunifira Agro-Processing PLC

Investor: Looking for debt and equity investment

CASA project title: Contract Farming between Kunifira and Soybean Smallholders and/or Cooperatives for Reliable Market and Climate Smart Soybean Seed Multiplication

Instrument type (e.g., debt, equity, joint venture, input financing): Debt and equity.

Basic terms of the agreement (e.g., amount, repayment, other conditions)**:** Yet to be negotiated.

Purpose of investment (e.g., financial, strategic, capacity): Product diversification, working capital and soybean sourcing.

Activities funded by the investment, TA and people involved: The CASA partnership with Kunifira is meant to address bottlenecks in the soybean value chain and supply linkage with smallholder farmers and farmers' cooperatives. It will do so by engaging in contract farming agreements and facilitating demand-based technical assistance for producers that improves their adaptive capacity and resilience to climate change.

This partnership will enhance the production of the company to its full capacity, while introducing a new model of engagement with smallholder farmers through contracts with cooperative unions. It will also leverage financial support from financial institutions for the processor to undertake its growth plans. This will benefit 3,600 smallholder farmers (40% women) under two cooperative unions, by sustainably increasing incomes, while contributing to 25% of edible oil import substitution efforts of the government through domestic companies.

Involvement of and benefits for smallholder farmers: Number of farmers reached / contracted / trained: 3,600; Amount of additional income for number of farmers: £100 per month per farmer.

Considerations of climate, gender and nutrition: Female-headed cooperative members will be prioritised in the selection process to address current imbalances and additional barriers they face. Kunifira will focus on women farmers while facilitating access to inputs, finance, trainings, and advisory services for the target groups. The trainings and experience sharing events will also be organised in suitable locations for ease of travel for women. The company and farmer cooperatives will allow women producers to bypass queues during product collection, aggregation, transportation, and storage services to minimise the time women spend in delivering soybean to cooperatives as they are engaged in various activities, including household chores.

The soybean commodity by itself has a positive impact on soil fertility to increase the productivity of small holder farmers. Improved seeds and rhizobium inoculant will be promoted to smallholder farmers to improve the production capacity while adapting to climate changes. The project will also promote proper and minimal application of pesticides and herbicides as per expert recommendations with preference for Integrated Pest Management (IPM) where appropriate. Awareness will be raised among target farmers on climate adaptation and environment protection measures.

Farmers engaged in sustainable contract farming arrangement with Kunifira due to diverse support provided and access to reliable market are expected to earn an additional income of £100 per farmer. This additional income will contribute to the household food budget for enhanced food security of smallholder farmers in the project intervention areas. The oil produced is free from cholesterol, organic and cheaper than the palm oil which poor families can afford to enable them increase fat consumption for gain more energy and contribute to proper functioning of brain system.

Results and benefits for the company: Through the partnership, Leos will be able to develop a working model to secure sustainable supply relationships for quality raw material for its processing. During the piloting phase with CASA, Kunifira will gain increased processing capacity with yield of 100 MT oil cake meal/day and 7.5 MT edible oil/day with yield of 62.4 MT oil cake meal /day and 960 MT edible oil/day. This means an increased raw material sourced by 10,800 MT of soybean from 4,000 smallholder farmers.

Results and benefits for the investor: Financers will be able to get good evidence of commercial returns and be linked to business in the soya bean supply chain that are not connected to the mainstream financial lenders. This expands their portfolio, opening a new business opportunity.

Relationships built, including with CASA: With the contract farming business model being a new development with much interest from the public sector, there will be strong government relationships and farmer cooperative unions to be nurtured and forged in these initiatives. This will open the opportunity for scale-up be it with Kunifira but with other offtakers in agribusiness in soya bean and beyond.

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