



Commercial Agriculture for Smallholders and Agribusiness

Catalytic Grants to Agri-SMEs to Increase Commercial Investment and Systemic Change: Learning from the CASA Rwanda Experience

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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.

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SUMMARY

This learning paper is based on a grants close-out report of the CASA (Commercial Agriculture for Smallholders and Agribusiness) Programme's intervention in Rwanda, which aimed to facilitate investments into agribusinesses working with smallholder farmers. The programme focused on demonstrating the commercial viability of small and medium agriculture enterprises (agri-SMEs), engaging Development Finance Institutions (DFIs) and investors, and increasing market access for farmers. Through a combination of third-party short-term technical assistance (STTA) and targeted grants, CASA supported a diverse portfolio of 11 projects across three value chains, with three partners in the poultry value chain, three in the aquaculture value chain, four in vegetables and one crosscutting partner in access to finance. A key aspect of CASA's approach, guided by its Subaward Manual and robust grant criteria, involved rigorous due diligence, extensive capacity-building in financial management and internal controls, and ensuring partner-led objectives aligned with the funder's – the UK's Foreign, Commonwealth and Development Office (FCDO) – principles of equity, transparency, sustainability, and value for money.

This learning paper outlines the operationalisation of CASA's grant delivery process under the Rwanda intervention, focusing on the development and effective implementation of key fiduciary management tools. These included financial reporting, fraud and corruption policies, conflict of interest guidelines, procurement procedures, and salary management tools. Together, these measures strengthened partners' internal controls and positively impacted their overall business operations. Compliance with the CASA Market Systems Development (MSD) Component Subaward Manual – and the business ethics policies of co-implementers NIRAS and Swisscontact – was ensured, facilitating the accountable administration of CASA grants in alignment with FCDO's Policy on Subsidy to the Private Sector and the Smart Guide for Engaging Business.

ANALYSIS OF CASA GRANTS IN PRACTICE

The CASA Programme's intervention in Rwanda, aligned with the programme's broader mandate, aimed to attract investment into agribusinesses that directly engage with or source from smallholder farmers. In addition to technical assistance (TA) provided through direct team involvement, short-term support, or service providers, CASA strategically deployed grants to implementing partners (IPs) for specific, catalytic purposes. This approach was designed to demonstrate the commercial viability of agri-SMEs, foster investor engagement, and ultimately increase market access while enhancing resilience, productivity, and profitability for smallholders.

CASA grants were a flexible mechanism, utilised in conjunction with TA, for specific targeted costs for the partnership business plans, tailored to address market gaps and build partner capacity. Rather than a one-size-fits-all solution, they were customised to meet specific needs, with key focuses on small asset purchases, subsidising farmer engagement costs, and strengthening partner fiduciary management. These grants acted as a catalyst for increased commercial investment and systemic market change.

Learning: Small Asset Grants Act as a Catalyst for Investment

The CASA implementation in Rwanda demonstrated that small, strategic grants for asset acquisition can effectively unlock business growth. These grants act as critical investments that de-risk projects, enabling partners to execute business plans, attract further investment, and achieve greater success. This approach avoids creating dependency on aid by removing barriers to scaling or innovation, while allowing businesses to manage ongoing costs independently and sustainably. The key is ensuring the asset is essential to growth and cannot be financed through other means.

To illustrate this, we can look at two different cases: [Platinum Agribusiness](#) and [Good Smelling Company](#).

Platinum Agribusiness (PA): Under the poultry intervention, CASA's support to PA combined a grant with TA to help the company become more investment-ready, although PA had already secured a bank loan of £87,913 that became part of the project budget. CASA partnered with [BDO East Africa](#), a leading firm in audit and financial advisory, to provide investment-readiness

support to selected agri-SMEs and partners including PA. BDO's support included fiduciary management, market assessment, investment goal setting, financial readiness assessment, and a legal and compliance review. As a result of this support, PA developed a comprehensive business plan, which identified that a new feed mill would significantly reduce operational costs, improve feed quality, and increase productivity and profitability. The cost-sharing grant of £34,315 was used to acquire the feed mill, and PA committed financing for the buildings, laboratory equipment, working capital, and inputs for the feed milling business. This strategic investment demonstrated the business's commercial viability, enabling PA to secure additional bank loans totalling £194,410.

Good Smelling Company (GSC) is another partnership example under the aquaculture intervention supported by CASA through a £41,568 package comprising both TA and an £11,400 capital matching grant. The grant enabled GSC to acquire a cost-shared refrigerated/cold truck (see cover photo), while the TA component provided STTAs to support in business plan development, financial and fiduciary management, and marketing and branding. The refrigerated truck significantly improved GSC's ability to transport fresh fish from cooperatives in Rwanda's Eastern Province to markets in Kigali, from an initial 300 kg weekly purchase, carried in the owner's car, to the current 2,400 kg. Overall, the intervention encouraged GSC to increase its working capital, negotiating a £9,738 flexible loan facility with the bank, and to pilot an improved business model.

Recommendation

Based on this evidence, we recommend that future implementers adopt a similar model, where the programme is a "financier of last resort" able to provide a grant where banks or other funds are either unable or unwilling to do so, ensuring that any grant is directly tied to robust TA and a sustainable business case that can eventually attract commercial capital, or be sustained by the cash-flow of the partner business. A critical part of the process should be a cash-flow forecast that demonstrates the commercial feasibility of the investment. This not only shows the partner that the project is viable but also provides a clear, evidence-based case for the wider market.

THE DUE DILIGENCE PROCESS: FROM SAFEGUARD TO STRATEGIC ENABLER

CASA's rigorous due diligence (DD) process was more than a procedural safeguard to mitigate risk; it was a strategic tool that informed our interventions and built our partners' capacity. Rather than just a box-ticking exercise, the DD process was designed to give us a nuanced understanding of a partner's business, risks, and potential for growth.

How It Worked in Practice: The DD process helped us identify commercially-minded partners with strong growth potential. By systematically assessing each partner's financial health, reputational risks, and market opportunities, we were able to pinpoint where technical assistance and grant support would be most impactful. For many partners, the DD process served as a valuable diagnostic exercise, revealing operational weaknesses that needed to be addressed to improve business resilience and investment readiness.

Successes and Outcomes: The robust DD process was a critical driver of the success of the CASA Rwanda country intervention, ensuring that we partnered with credible, reliable, growth-oriented businesses. In the case of Platinum Agribusiness, for example, the DD assessment highlighted the need for stronger financial management and a more rigorous business plan, areas that subsequently shaped our TA support. The DD process not only gave CASA the confidence to invest in

these companies but also provided partners with a clear roadmap for professionalising their operations. This was key to ensuring that our selected partnerships were committed, sustainable, and viable, ensuring that UK taxpayer funding was appropriately used for impactful interventions.

Learnings and Recommendations

Our experience showed that the DD process, when executed correctly, serves as more than just a pre-award requirement; it is a valuable capacity-building tool. This robust approach significantly reduced the likelihood of partnerships failing and lowered the partner attrition rate. We recommend that future implementers approach the DD process as a collaborative exercise with partners. When conducted jointly, it becomes an effective tool for building trust, identifying needs, and laying the foundation for a productive and high-impact partnership. It also helps prepare partners for engagement with potential investors and the DD processes they will encounter. The process can be made less daunting by offering targeted TA to address identified gaps, turning what could be a barrier into a clear pathway for growth. In Rwanda, the CASA team supported partners ahead of the DD process by clearly explaining requirements and expectations, helping them engage confidently and constructively.

BUILDING FIDUCIARY CAPACITY AS A PREREQUISITE FOR GROWTH

A core part of CASA's work, and a prerequisite for most grant recipients, was strengthening our partners' financial management and internal controls. Our DD process frequently identified insufficient internal controls as a major barrier to attracting commercial investment. However, many of these hurdles could easily be overcome with dedicated and targeted short-term support. This was not just a bureaucratic hurdle but a critical business function that enabled companies to manage their finances responsibly, be more resilient and efficient, attract investors, and scale their operations.

Why It Was So Important

By treating fiduciary capacity building as a prerequisite for growth, CASA ensured that grant and technical assistance funds were deployed to businesses that were not only ready to grow but also equipped to manage that growth responsibly and sustainably.

Attracting Commercial Investment: A primary goal was to make partners "investment ready." Insufficient financial management and weak internal controls are major red flags for commercial investors and DFIs. By strengthening these areas, we helped partners present a professional and credible financial picture, which is essential for securing external funding.

Improving Business Resilience and Efficiency: Robust fiduciary systems enabled companies to manage their finances responsibly. This led to better financial oversight, reduced waste, and more efficient use of capital. Ultimately, these improvements made the businesses more resilient to market shocks and more profitable in the long term.

Empowering Partners: Instead of simply providing money, CASA empowered partners with the tools and knowledge to manage their own growth. This approach fostered a culture of accountability and self-sufficiency, ensuring that the benefits of the intervention would last beyond the programme's lifecycle. It gave partners a clear roadmap for professionalising their operations, which is necessary for scaling up.

How It Worked in Practice

CASA provided technical assistance to partners to design and implement robust fiduciary management tools, such as financial reporting tools, procurement policies, and fraud and anti-corruption policies. These tools, which partners operationalised and adopted, were not an additional layer of process but a fundamental part of building a professional, investable business. This capacity-building was provided to nearly all our partners, regardless of whether they were receiving grants, because it was a core part of making them "investment ready." This capacity-building is useful for several reasons, including:

- **Attracting Investors:** Strong financial management and reporting give investors confidence that a business is well-managed and a safe bet and is able to appropriately manage and utilise any invested funds or reliably repay loans.
- **Improving Efficiency:** Better internal controls help companies operate more smoothly, reducing waste and improving profitability.
- **Increasing Resilience:** Robust systems prepare a business for unforeseen challenges, making it more resilient and better able to navigate economic downturns.

Learnings and Recommendations

This TA proved to be a highly effective modality. For Platinum Agribusiness, a partner seeking a significant investment, CASA's TA support was crucial. The company's investment process was long and complex, highlighting the need for robust financial documents and projections. The support on developing management accounts and a business plan with strong financial appraisals was key to their success in securing a commercial loan of £87,913 from Zigama Credit and Savings Society (CSS) in addition to two loans of £56,497 and £50,000 from Bank of Kigali (BK). The key lesson is that investing in a partner's internal systems is one of the most effective ways to enable them to attract external finance and operate sustainably, far more impactful than providing direct grant funding alone. Future programmes should treat this type of capacity-building support as a core intervention rather than merely a prerequisite for grant funding.

STRATEGIC USE OF GRANTS FOR TECHNICAL ASSISTANCE AND RISK SHARING

While less frequent than small asset grants, CASA also utilised grants for specific, strategic purposes, moving away from the assumption that the partner was the best party to deliver the TA. The number of partners who used grants for direct procurement of TA was minimal; however, the experience provided valuable lessons.

Direct Procurement of Technical Assistance by Partners: When we did use this modality, it was with partners who had extensive experience and were contributing their own funds, fostering a strong sense of ownership. However, this was unfortunately not a

widespread practice, due to limited numbers of partners with sufficient experience. The key takeaway is that this approach worked best in specific contexts, but our primary modality of providing TA directly was more effective for building the capacity of most of our partners.

Figure 1 shows commitment from partners to invest in their businesses, with contributions of 57% of the overall project costs. The grant support from CASA represented 10% and 27% for equipment and TA respectively, with additional third-party investment into the project costs from external investors of 6%.

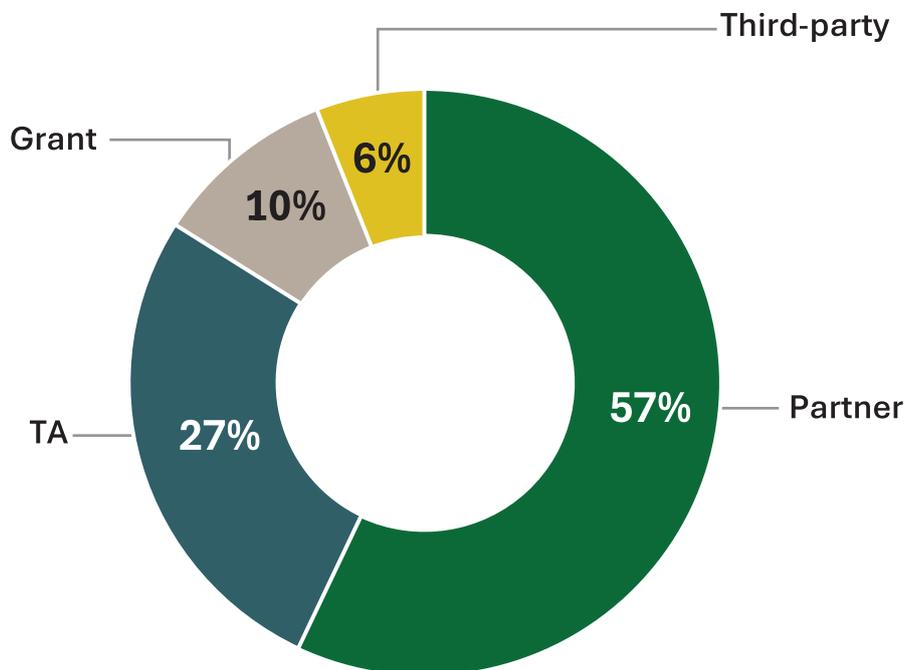


Figure 1: Cost-share Breakdown

Market	Partner	CASA Grant	CASA TA	Total CASA	Partner	Third-party Input	Total Project	Subsequent Commercial Investment
Vegetables	Afrinet		£32,895	£32,895	£270,735		£303,630	
	Agrah Care		£62,635	£62,635	£134,014		£196,649	
	Deyi		£85,415	£85,415	£91,617		£177,032	
	Agrilec		£69,800	£69,800	£163,100		£232,900	
Poultry	PA	£34,315	£38,710	£73,025	£71,175	£87,913	£232,113	£194,410
	Maggot	£25,000	£21,850	£46,850	£38,300		£85,150	£132,959
	B5CD		£30,680	£30,680	£32,452	£26,157	£89,289	£26,157
	NCG		£59,150	£59,150	£84,170		£143,320	£34,722
Aquaculture	Fine Fish	£20,000	£59,420	£79,420	£70,000		£149,420	
	Rarico	£56,900	£18,420	£75,320	£50,000		£125,320	
	Good Smelling	£11,400	£32,468	£43,868	£24,332		£68,200	£9,738
Crosscutting	BDO	£48,730		£48,730	£56,670		£105,400	
Total		£196,345	£511,443	£707,788	£1,086,565	£114,070	£1,908,423	£397,986

Figure 2: Total Grant Data (£)

GRANT DISBURSEMENT OVERVIEW AND KEY ACHIEVEMENTS

The CASA Rwanda country intervention achieved significant programmatic investment, demonstrating its commitment to attracting and leveraging capital in the agribusiness sector.

Total Programmatic Investment: The programme facilitated a total project cost of £1,908,423 across its 11 partnerships. This substantial figure underscores the scale of CASA's efforts to stimulate economic growth in the agribusiness sector.

CASA's Financial Contribution: CASA's direct financial contribution to these projects amounted to £707,788, representing approximately 37% of the total project value (see Figure 2). This significant contribution was instrumental in de-risking investments and making commercially viable opportunities more attractive to partners and, eventually, other financiers. By sharing the initial financial burden, CASA enabled partners to invest in critical areas that might otherwise have been deemed too risky or capital-intensive.

Partner Leverage and Co-Financing: Implementing partners demonstrated strong commitment by contributing £1,086,565, or approximately 57% of the total project value, of their own investments through co-financing. While these were partner commitments to project budgets, the intent was for partners to invest alongside CASA, fostering a sense of ownership and increasing the sustainability of the interventions. This strong leverage showcases the partners' belief in the commercial viability of the supported initiatives developed through the CASA deal-making process.

Direct Grants Disbursed: A total of £196,345 was disbursed as direct CASA grants to implementing partners. This represents approximately 32% of CASA's total financial contribution. These grants were strategically deployed for purposes such as TA procurement and small asset acquisition.

Catalytic Impact of Grants: CASA's grants were particularly effective in unlocking barriers and catalysing business models. For instance, the asset grant to Platinum Agribusiness for a feed mill was a critical seed investment. The company used its own shareholders' funds and the grant – coupled with CASA's support in developing a robust business plan – demonstrated the commercial viability of the investment, enabling them to leverage their own capital and secure bank loans totalling £194,410. Similarly, with B5CD (another partner), CASA provided TA through business development services aimed at addressing critical finance-readiness gaps among agri-SMEs, with a focus on value chains requiring targeted deal generation. As a result of this support, B5CD developed a robust cash flow forecast that demonstrated commercial viability to both the implementing partner and the broader market. This enabled B5CD to secure a firm commitment for a subsidised loan of £26,157 from the Business Development Fund (BDF), in partnership with the World Bank's Competitive Development and Advisory Team (CDAT). Finally, partner Maggot Farm received a grant

from CASA to acquire a greenhouse and equipment coupled with strong TA support in finance readiness. After having a comprehensive business plan, the company was coached and accompanied by the project STTA in negotiating additional funding from several third-party investors. As a result, they have secured a €118,000 grant from LuxDev, which in turn finalised the securing of a RWF 50 million commercial loan. Both of these funds are enabling the construction of an additional greenhouse for Black Soldier Fly (BSF) production and a hatchery for breeding Tilapia fish for raising in the existing ponds as an additional business line. A further partnership with Ndahimana Chicken Growers helped them raise a £34,722 bank loan (as a result of TA rather than the CASA grant for construction of a processing unit that was later returned – see below) bringing the total commercial third-party investment raised to £379,986 into five of the project partnerships with more expected in coming months as other businesses mature. These examples highlight how targeted grants, even small ones, can be catalytic in demonstrating commercial viability and attracting further investment, whether from partners' own funds or commercial lenders.



CHALLENGES, OPPORTUNITIES, AND ADAPTATIONS DURING IMPLEMENTATION

During the implementation of the CASA grants programme, several critical challenges emerged, leading to important lessons and programmatic adaptations to ensure continued progress and accountability.

1. Financial Capacity and Cost-share Constraints

Challenge: A significant challenge was that some high-risk partners were unable to consistently meet their cost-share obligations due to severe cash flow constraints. In certain cases, such as with Ndahimana Chicken Growers Ltd, project funds were redirected to cover unrelated business expenses, resulting in premature termination of the partnership. Another challenge arose with the Shekina Enterprises project, which had to be halted at the DD stage, despite having an approved business plan, because the partner was unable to provide the required legal and tax compliance certificates, despite demonstrating strong technical performance. These instances highlight the importance of conducting comprehensive due diligence and underscore the need for partners to receive targeted TA and capacity-building support.

Learning and Adaptation: This highlighted a fundamental challenge in working with nascent agribusinesses that often struggle with working capital and financial discipline. CASA responded by issuing formal demands for repayment to uphold financial accountability and protect donor resources. To prevent future occurrences, CASA implemented stricter monitoring and more tailored capacity-building in financial management, emphasising the distinction between grant funds and operational capital. Additionally, milestone-based disbursements were reinforced, linking funds release directly to verifiable progress and adherence to agreed-upon financial plans. The key lesson here is that while promoting co-investment is vital, programmes must anticipate and proactively address the working capital challenges of small enterprises through more rigorous initial assessments and continuous oversight.

2. Weak Understanding of Accountable Grant Models

Challenge: Many small enterprise partners were unfamiliar with the level of financial discipline required under accountable grant arrangements. While CASA provided targeted fiduciary management support, two partnerships were ultimately discontinued, one at the initial DD stage due to non-compliance with financial and tax requirements which meant the deal-making process for the partnership was terminated. Following the first tranche disbursement, another grant to Ndahimana Chicken Growers was misused and later returned. These cases highlight the challenges small enterprises face in meeting the financial governance and compliance standards necessary for effective grant management.

Learning and Adaptation: CASA learned that pre-award DD, while comprehensive, needed to be coupled with intensive post-award support and continuous capacity-building. CASA responded by implementing stricter oversight, direct follow-ups, and proactive recovery efforts. Crucially, CASA introduced more structured partner induction and ongoing training on grant management, financial reporting, and accountability principles. This included practical guidance on utilising financial reporting tools, adhering to procurement policies, and understanding fraud and anti-corruption measures. The learning is that foundational financial literacy and grant compliance training must be an ongoing, integrated part of capacity-building, not merely a one-off exercise. This approach helps partners professionalise their operations and become more “investment ready.”

3. Due Diligence and Risk Identification Gaps

Challenge: The due diligence framework, which focused on basic business model relevance to the programme, investment viability, and programmatic risk, often proved insufficient in assessing the full risk profile of agri-SMEs. The CASA Rwanda Market Managers, while adept at market analysis, sometimes lacked the specialised investment and banking expertise

needed for comprehensive financial health, governance capacity, and operational reliability assessments. This necessitated mid-implementation involvement of investment and finance specialists to reinforce risk assessment accuracy.

Learning and Adaptation: This highlighted a critical staffing and expertise gap. CASA learned that due diligence should be viewed as a collaborative capacity-building exercise, not just a pre-award hurdle. To address this, CASA updated guidance for Market Managers and revised annex tools to reflect more robust, investment-grade risk assessment standards. The involvement of an investment and finance specialist, who developed an Investment Toolkit to help Market Managers plan together with partner businesses what sort of investment would best suit their needs, proved invaluable, leading to more accurate risk identification and better-tailored support strategies. Future programmes should prioritise embedding financial/investment specialists within country teams from the outset or ensure Market Managers receive specialised and localised training in financial and investment analysis. This would enable more proactive identification of risks and opportunities, turning potential hurdles into clear pathways for growth for partners.

4. Opportunities for Strengthening Systems and Capacity

Despite the challenges, the programme presented significant opportunities to build the institutional capacity of agri-SMEs.

Result and Learning: CASA's provision of technical assistance in budgeting, financial reporting, and procurement processes was highly impactful. This led to partners operationalising and adopting these tools, which were fundamental to building professional, investable businesses as highlighted above. This demonstrates that investing in a partner's internal systems is a powerful way to enable them to attract external finance and operate sustainably, moving beyond a simple grant-giving model. The adaptation of business models to incorporate stricter compliance protocols, improved milestone-based disbursements, and deeper post-award monitoring further reinforced this. The key learning is that capacity-building in fiduciary management should be a primary intervention, recognised for its direct contribution to investment readiness and sustainability, not merely a prerequisite for receiving a grant.

CONCLUSION

The CASA Programme's intervention in Rwanda successfully demonstrated an adaptive approach to fostering operational capacity for businesses and strengthening market linkages for smallholder farmers. Operating within a complex environment, CASA mobilised targeted resources, facilitated significant partner co-investment, and delivered targeted technical assistance and grants across the poultry, vegetable, and aquaculture value chains.

A core strength of the programme was its rigorous adherence to a comprehensive Subaward Manual, guiding meticulous due diligence and the development and operationalisation of essential fiduciary management tools. These efforts significantly strengthened the internal control environments of implementing partners, enhancing their accountability and overall investment readiness. By strategically linking grant disbursements to the achievement of pre-defined milestones, CASA maintained a strong focus on results and prudent financial stewardship. The ability of grants to act as a catalyst, demonstrating commercial viability and de-risking investments for partners to leverage their own funds or attract commercial finance, was a key success.

In conclusion, the CASA Rwanda intervention stands as a testament to the potential of well-structured and adaptively managed grant programmes to catalyse private sector engagement, build local capacity, and drive sustainable economic development for smallholder farmers, while rigorously upholding principles of transparency and accountability through catalytic targeted accountable grants. The lessons learned provide invaluable insights for enhancing the efficacy and resilience of future MSD initiatives.

RECOMMENDATIONS FOR FUTURE MARKET SYSTEMS DEVELOPMENT PROGRAMMING

Building on the successes and addressing the challenges encountered during the CASA Rwanda programme, the following recommendations are proposed to enhance the effectiveness and sustainability of future programming, particularly when engaging with small and high-risk agribusinesses:

Prioritise Catalytic Asset-Based Financing for Demonstrating Business Models: Future development programmes should strategically utilise small, targeted asset grants that are directly tied to a robust business case and support the demonstration of commercial viability, coupled with the provision of strong TA. These grants should act as a catalyst to unlock greater investment from the businesses' own capital or commercial lenders, rather than creating dependency on aid financing.

Leverage Asset Grants to De-risk Commercial Loans and Facilitate Blended Finance: Development partners should strategically design grant components to enable small businesses to secure blended financing facilities. Asset grants can serve as a mechanism to de-risk commercial loans for implementing partners.

Recognise Fiduciary Capacity-building as a Primary Intervention: Future projects should recognise and resource intensive technical assistance for strengthening partners' financial management and internal controls as a primary intervention, rather than just a pre-requisite for grants.

Strengthen Investment Analysis Expertise in Programme Teams: Future development programmes should ensure that staff involved in partner assessment and support, such as Market Managers, possess specialised investment and banking analysis expertise. This could involve dedicated training programmes or embedding financial specialists, even part time, within country teams.

Adapt Due Diligence Processes for the Agri-SME Context: Development partners should continuously review and refine their due diligence processes and tools to align with the realities and data availability of small, nascent agribusinesses, while maintaining rigorous accountability standards. These recommendations build on CASA's successes by addressing critical operational and financial challenges encountered during implementation. Through adapting funding modalities, strengthening staff capacity, and enhancing due diligence procedures, future programmes can more effectively catalyse sustainable investments and promote resilient, high-performing agribusinesses in emerging markets.

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