



CASE STUDY: Neycha Fund

The integrated capital platform advancing agroecological enterprises in Kenya and Uganda

Headquarters: Kampala, Uganda **Founded:** 2022 **AUM:** \$642K **Investment area:** Kenya & Uganda
Website: neycha.shona.co **Funders:** Institutions, foundations, bilateral agency, and family offices

Themes: Agroecology · Agro-processing · Organic Inputs · Commercial Animal Farming · Smallholder Value Chains

CATALYTIC ROLE OF GRANTS

Neycha uses grants in three ways: to fund an accelerator that prepares enterprises for investment, support the fund's operating costs, and absorb loan losses. Grants enable patient, below-market loans to reach underfinanced agroecological businesses in Kenya and Uganda.

ABOUT

Neycha Fund, managed by SHONA Capital, invests patient, below-market debt in agroecological enterprises (AEEs), small agro-processors, organic-input makers, farmer aggregators, and commercial animal farmers across Kenya and Uganda. It pairs that capital with hands-on technical support for businesses that are commercially viable but not yet bankable.

The fund onboards investment-ready enterprises from a grant-funded accelerator. Neycha was established in April 2022 and made its first loan in the third quarter 2024, once the accelerator had prepared its first cohort to take on capital and grow. A separate grant pool, held outside the fund's lending capital, covers management fees and absorbs loan losses, so neither operating costs nor defaults eat into the capital available to lend, allowing that capital to revolve into new loans.

The accelerator pipeline: A grant-funded accelerator readies enterprises for investment, and the fund draws its borrowers from that pipeline. Each enterprise is scored with the Business Agroecology Criteria Tool (B-ACT), a standard developed by Neycha's co-founder Biovision that rates a business against the 13 principles of agroecology. The tool measures an enterprise's impact on soil health, water, biodiversity, carbon, and social and economic outcomes. The accelerator provides coaching in financial management, governance, and agroecological practice. Enterprises that complete this preparation move to appraisal. Across three cohorts, the accelerator has built a pipeline of more than 60 enterprises.

INTEGRATED CAPITAL MODEL

RAISE

Combines lending capital with a grant pool that covers operating costs and, when needed, first-loss capital.

INVEST

Provides patient, below-market loans and revenue-based financing to proven entrepreneurs.

STEWARD

Supports borrowers with routine technical support and site visits. When a business runs into difficulty, the fund works as a partner toward recovery.

THE ECOSYSTEM NEED

In Kenya and Uganda, agroecological enterprises face structural barriers to accessing capital, despite being the fastest-growing solution to the environmental and social impacts of industrial agriculture. Agroecological enterprises typically maintain limited financial records, run on seasonal cash flows, and lack the collateral banks require, so they stay undercapitalized despite viable operations and real financing needs. Without grant-funded preparation and a lender willing to structure around irregular cash flows, they remain stuck in the missing middle: too large for microfinance, too small and unproven for commercial banks.

FINANCING APPROACH



Rooted in the accelerator

Neycha builds relationships and conducts diligence over months of coaching, allowing the fund to lend through trusted relationships.



Grants clear the path

Grant capital covers the fund's operating costs and absorbs first-loss risk, making the lending capital available to reach borrowers at below-market, patient terms.

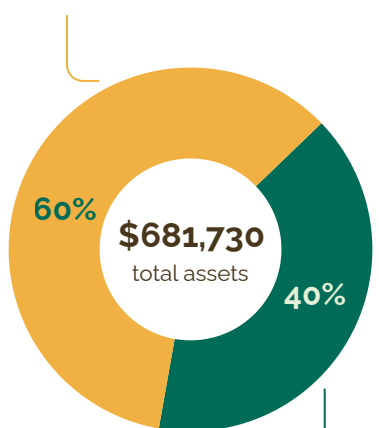


Instruments that fit

The fund matches lending instruments to cash flow needs: below-market term loans for steady businesses, and revenue-based financing for those still growing into predictable income.

FINANCIAL PROFILE

\$412,526 Cash and Treasury



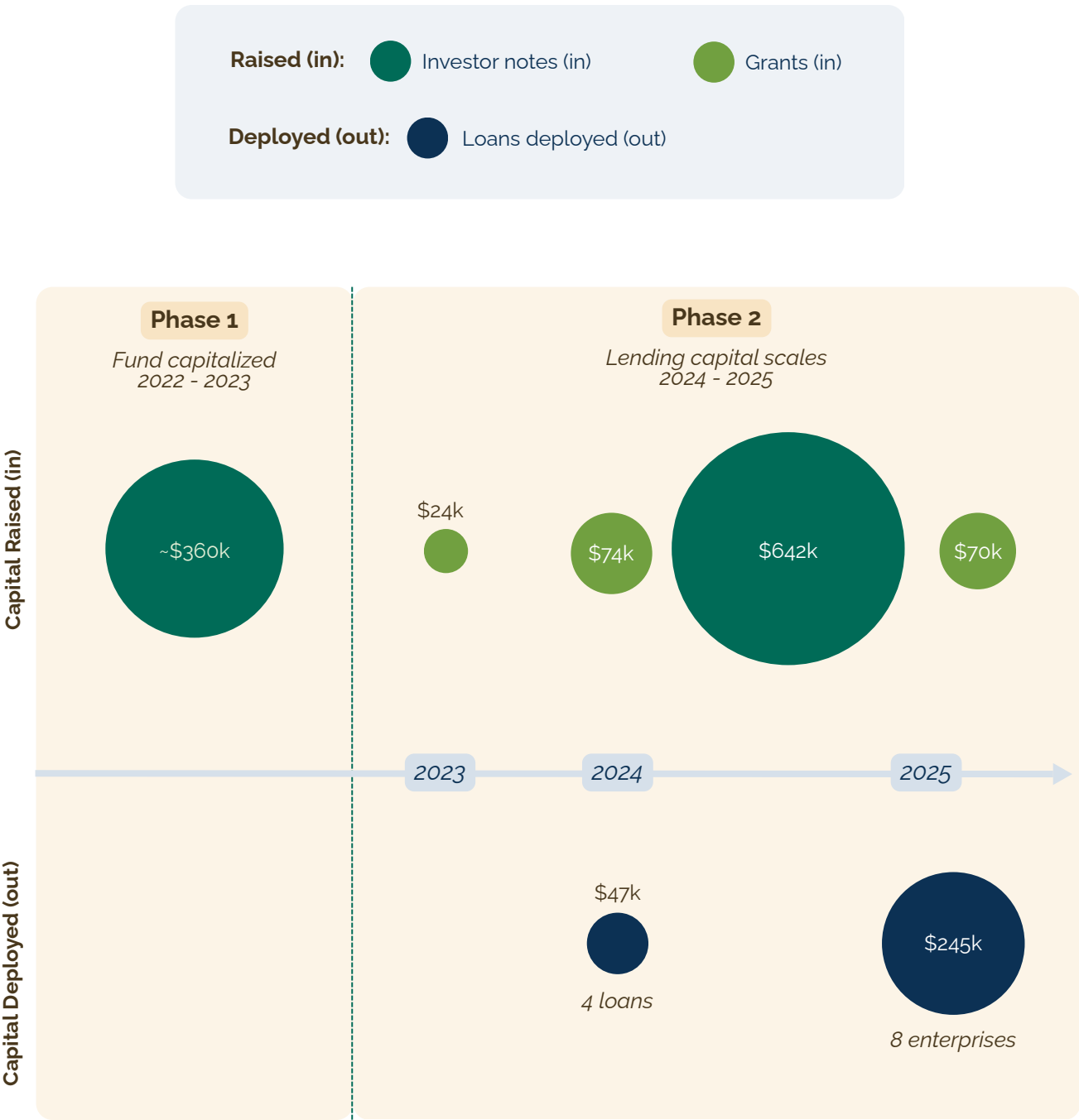
\$269,928 Loans outstanding



Outstanding portfolio by instrument, Dec 2025

In December 2025, the fund held \$681,730 in total assets, including \$642,015 of lending capital and \$39,715 of retained earnings. It had approved 16 loans and disbursed \$318,000 to 11 enterprises, with an outstanding portfolio of \$263,186, undrawn commitments of \$173,723, and an 86% lifetime recovery rate. Separately, grants covering the fund's management and investment-related costs rose from \$23,792 in 2023 to \$73,842 in 2024 and \$70,242 in 2025.

INTEGRATED CAPITAL PATHWAY & TIMELINE



Each bubble - one capital event · size = relative dollars · color = capital type
Grant events are shown by role, as the grant pool's dollar size is not disclosed.

LENDING APPROACH



The capital structure: Neycha's capital stack is grant-plus-loan model: a grant layer supports the fund's operating costs and first-loss risk, so that below-market term loans and revenue-based financing can reach the borrower.

Why it matters: Because grants cover operating costs and absorb risk, the fund can lend small, unsecured amounts of \$10,000 to \$50,000 to businesses with uneven cash flow, and can absorb losses without eroding its capital base. If a borrower falls behind on loan payments, that cushion lets Neycha work toward repayment and recovery rather than declaring a default.

Impact: Grant-backed flexibility lets the fund finance farmers whose income moves with the seasons and back regenerative businesses that turn waste into fertilizer, rebuild soil health, and meet European export standards. Through these enterprises, **Neycha reaches thousands of smallholder farmers with a steadier market, better prices, and training.**

BORROWER EXAMPLE — KAYA NUTS



The enterprise: Kaya Nuts processes raw cashews into butter, roasted nuts, and energy bars, purchasing directly from farmers at a premium and training them in fast-maturing cashew varieties.

The financing need: The company required working capital for inventory to sustain operations.

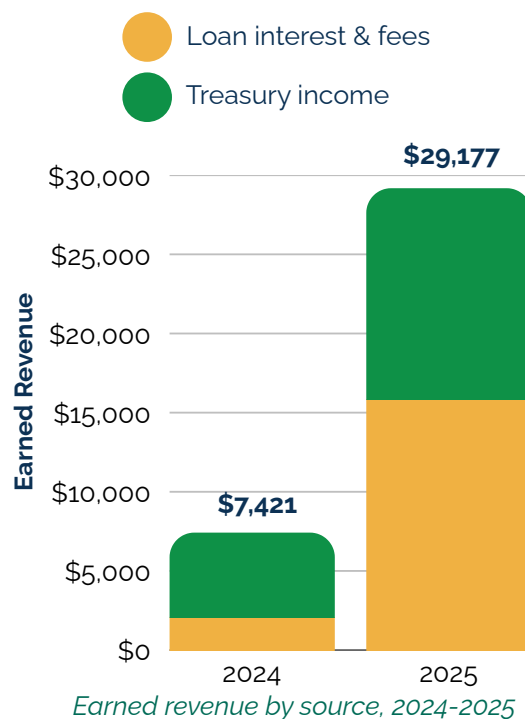
Neycha's role: Neycha provided a **\$15,000 revenue-based loan repaid as a 1.5x multiple** tied to sales rather than a fixed schedule; a structure the grant subsidy makes possible by covering the fund's costs and loss buffer.

The outcome: Since the investment, the business doubled its revenue, secured its first purchase order from a grocery chain, and invested about \$54,000 (Ksh 7 million) in equipment for a new Kwale processing facility. In addition to the loan, they raised an additional \$79,457 in outside capital.

BUSINESS MODEL

Neycha generates earned revenue from two sources: interest and fees on the capital it lends out, and treasury income (interest earned on undeployed capital) on raised capital not yet deployed. Earned revenue roughly quadrupled, from \$7,421 in 2024 to about \$29,000 in 2025, and lending is now the larger share as more capital moves into loans. It does not yet cover the grant-subsidized operating base, so long-term sustainability depends on the scale. **Grants built the platform that now generates this widening stream of earned income.**

The fund is building toward financial sustainability through scale, with a 2026 target of supporting at least 15 enterprises and disbursing a minimum of \$600,000, while grants continue to support its roughly \$70,000 annual operating base. Grants built the platform by funding the accelerator, supporting operations, and creating the loss buffer that protects lending capital. As the portfolio grows, the fund is generating an increasing share of its revenue from earned income.



FUTURE DIRECTIONS

Looking ahead, Neycha is broadening its model along a few clear fronts:

- **Expand sourcing.** Most borrowers today come through the grant-funded accelerator. Neycha is building a second route that allows enterprises to approach the fund directly, without first passing through the accelerator.
- **Choose quality over volume.** The fund is screening harder before due diligence, so the enterprises it takes into appraisal are the ones most likely to become loans. This protects the time and cost that appraisal consumes.
- **Move toward covering its own costs.** Neycha is growing interest and treasury income, so earned revenue climbs toward the grant-subsidized operating base.



Sources: Neycha Fund Manager Reports, Year-End 2024 and 2025. Figures as reported; items marked "not confirmed in available materials" are not disclosed in these documents.