

The landscape of Agri-SME funds in Africa





About this report

This report has been developed as part of the Financing for Agricultural SMEs in Africa (FASA) initiative, a multi-donor fund-of-funds dedicated to unlocking financing for Africa’s underserved agri-SMEs. By investing in and supporting investment fund managers, FASA channels catalytic capital into businesses that drive sustainable growth in the agricultural sector. At its core, FASA’s mission is to reduce the funding gap faced by agri-SMEs by mobilising catalytic capital to attract private and institutional investment into the sector, enhancing the capacity of fund managers to invest in impactful agri-SMEs, and fostering a supportive ecosystem that enables long-term sustainability and resilience.

By combining investment experience, research, and ecosystem engagement, FASA seeks to contribute to more efficient capital allocation and to support the sustainable growth of local businesses.

This work has been made possible thanks to the support of its partners and donors.

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Foreword

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Over the past years, I kept coming back to a simple question: why does capital so often fail to reach the agri-SMEs that need it most?

These are businesses at the heart of Africa's food systems, creating jobs, linking farmers to markets, and driving local value chains. And yet, the capital that reaches them is too limited, too standardized, and too often concentrated in the wrong parts of the market.

When we set up FASA, this was our starting point. The challenge was not only a lack of capital, but a lack of capital that is fit for purpose: patient enough, flexible enough, and structured to match the realities and challenges of African agriculture businesses.

This report confirms much of what we hoped, and also what we suspected.

What we are seeing now is really exciting. A new generation of fund managers emerging, closer to the market, better positioned to take risks, and better positioned to reach the "missing middle." They are deploying smaller tickets, working hands-on with companies, and building the pipeline of businesses that the rest of the market depends on.

But that is also the tension I have struggled with: those parts of the market that are most additional are also the hardest to fund.

This is where we believe catalytic capital can play a role, not to replace markets, but to build them.

With that said, one of the biggest constraints we face is not just capital, but good information. The agriculture investment sector remains so opaque, fragmented, and difficult to navigate. We need to do a much better job of sharing data, building transparency, and creating a common understanding of what actually works for the sector.

This is why we created FASA, not only to be an investment platform, but also as a learning initiative. This report is the first of a series of publications to help us all understand the sector better.

We are serious and committed to scaling this sector. My ask to policy and decision makers and other stakeholders is simple: prioritize transparency and data sharing. And use it to design better, more tailored approaches to financing agri-SMEs.

Our work is not just about deploying more capital; it is about making capital work better.

Foreword

Songbae Lee
Steering Committee Member,
Agri-SME Learning Collective

**What would I do differently if designing FASA today?
Prioritize the learning agenda.**

Yes, everyone will say the learning agenda is a priority, just as important as mobilizing capital. What I am saying is that I believe the learning agenda is more important than mobilizing capital.

We need the data and learning to know that scarce donor dollars are being allocated in the most efficient and effective way possible. Funds often get the interest of donors because they are a shiny object and make good headlines but without rigorous, transparent data, it's hard to justify their continued support.

To that end, FASA and the Agri-SME Learning Collective (ASLC) are working closely together to develop a shared approach to measuring impact and additionality. Just collecting data isn't enough. Without common frameworks and shared agreement on what we're measuring and why, the value of any data collected becomes severely limited.

The reason this matters is that if we want to say we are doing this to move the market forward, the yardstick I use is that it has to be useful not just for FASA, but for any fund or fund-of-funds that comes after it. That's what an external learning strategy should look like in practice, transparent, granular, and accessible enough that others can actually use it.

Some will say a fund is a failure if it doesn't mobilize a certain amount of capital. I'd argue it will be a failure if the data it generates isn't useful enough to improve how the next one is designed. This is an invitation to share data, build the evidence, and to use it. FASA has the opportunity to be a pioneer here. This landscape report is a starting point.

Executive Summary

This report provides a **comprehensive and up-to-date panorama of the African agri-SME fund landscape**, by assessing funds at different stages of their fundraising cycle. This forward-looking bird's eye view provides insight into how the market is evolving, capturing emerging strategies and new manager profiles. It also helps to size the full scale of the impact opportunity for funders.

The dataset covers **175 Africa-focused agri-SME funds**, split between **117 funds currently fundraising** and **58 fully raised funds**, drawing on **79 data points per fund** covering strategy, instruments, team, fundraising status and six impact dimensions.

Together, the trends that surface shed light on an emerging system where new approaches to investment and value creation expand both the breadth and volume of risk and patient capital for agri-SMEs.

A wide and diverse landscape of funds to address persistent gaps in agri-SME finance

- The **new generation of 117 funds aim to mobilise \$6bn**. They represent a small but growing and highly catalytic share of the **\$75bn agri-SME financing gap**. The landscape spans four archetypes operating along the SME lifecycle: **27 early-stage SME funds** (targeting \$630M), **17 growth SME funds** (targeting \$1.2bn), **51 debt funds** (targeting \$3.5bn), and **22 VC funds** (targeting \$746M). Those funds intend to provide patient, tailored and flexible capital to agri-SMEs to enable them to attract additional funding from banks and commercial investors.
- **Volumes of investments in agri-SMEs come from both agri-specialist (63%¹) and agri-focused generalist funds (37%)**. These models are complementary. Agri-specialist funds provide the majority of the capital to this market and have often built a deep expertise in the sector. Generalist funds are expected to channel \$1.5bn to agri-SMEs (out of the total of \$3.5bn they will invest, including in other sectors) thus providing an important share of capital to this market. Their role is also often additional, as their flexibility allows them to invest in smaller ticket sizes, at an earlier stage, and prepare agri-SMEs for further rounds of funding: for instance, 83% of the funds intentionally deploying local currency investments are generalist funds.
- **First-time fund managers are complementing the previous generation of fund managers**. While established teams leverage their track record to raise larger vehicles (16 funds with sizes above \$100M now represent 43% of targeted capital raised), a **new cohort of first-time managers** representing 65% of fundraising funds by count is increasingly filling the market's financing gaps, and **represent 95% of the highest-rated funds in additionality**.

¹ Percentage of capital to be invested directly in agri-SMEs – excluding the capital to be invested in other sectors by generalist funds

A new generation of funds anchored locally and driving high additionality for agri-SMEs:

- **The new generation of funds in fundraising seek to deploy 59% of their capital in tickets below \$2M, against 27% in the previous generation.** Mezzanine has more than doubled, representing close to 30% of targeted capital. As such, those new funds expand the range of agri-SMEs that can access institutional capital for the first time.
- **66% of new funds are managed by Africa-based teams,** a sea-change when compared to 21% in the previous generation of funds. 53% adopt single-country or regional strategies as opposed to wider pan-African or global mandates giving them better proximity to the earlier stage SMEs they seek to support.
- **They also leverage Technical Assistance (“TA”) widely with 77% of funds running deliberate TA strategies and 59% adopting high-touch models** with dedicated internal teams, external specialists, or venture studio structures that co-build companies alongside entrepreneurs. Finally, 48% combine pre-investment with post-investment support, treating TA as a pipeline-building instrument.
- Agri-SME funds have completely changed their additionality profile, with **47% of funds in the fundraising landscape scoring high on the additionality² of their investment strategies, against 28% for funds raised in the past.**

These funds also embed impact into their fund design, with various degrees of focus

- **Livelihoods (56%) and climate (54%) are at the core of fund strategies,** with an increasingly strong focus on resilience and adaptation of value chains to climate change.
- **Food security remains the hardest impact theme to integrate as only 24% of new funds position it as a core theme.** Unlike livelihoods, which can easily apply to both generalist and specialist strategies, food security demands deliberate alignment between investment strategy, financial structure, and impact measurement; a likely higher bar that most funds have not yet cleared. We believe **the main structural constraint is currency:** 94% of funds are denominated in hard currency, and 86% intend to invest in hard currency, which creates an immediate mismatch with the local-currency revenues of businesses embedded in domestic food systems.
- The adoption of a focused gender-lens is still a work in progress, with only **35% of funds placing gender at the core of their impact thesis,** a paradox given that 76% of African women work in agriculture in sub-Saharan Africa.³

² See methodology for a definition of scoring of additionality

³ FAO. 2025. *The status of women in agrifood systems in Sub-Saharan Africa.*

These funds face structurally tough fundraising odds, creating an opportunity for catalytic funders:

- **The characteristics that make this generation of funds valuable are the same ones that make it hard to fund.** With a median fund size of \$40m, and 65% managed by first-time fund managers, they do not fit the frameworks of most institutional investors. Their agricultural focus compounds the problem, as the sector risk is layered on top of SME, frontier market, and emerging-manager risk. Donor funding is under pressure, and DFIs struggle to deploy meaningful capital to fund sizes below their minimum thresholds.
- Of the nearly \$6bn being targeted across all funds currently fundraising, we estimate **approximately \$4.6bn remains to be raised** with a significant share concentrated among first-time fund managers. Taking into account what has already been raised (first closes), **we expect the space to reach between \$3.2bn and \$4.9bn in size.**
- Based on observed mobilization ratios, **catalytic funders would need to provide up to \$1,15bn in anchor and de-risking capital to unlock the full fundraising landscape.** Mechanisms exist to deploy this funding at scale to a wide range of agri-SME funds, such as specific DFIs vehicles, funds-of-funds and other catalytic investment platforms that include technical assistance for agri-SME funds, warehousing capital to help them build a tangible track record, and working capital initiatives to support fund managers through to first close.

This report makes recommendations to create the conditions for accelerated investment in the sector:

- **Donors and ecosystem funders can respond to the market-building opportunity offered by the new generation of funds,** by prioritizing additionality alongside mobilisation ratios, adjusting approaches to back first-time fund managers, supporting the scale and replications of catalytic capital and TA platforms as well as the unlocking of new pools of investor capital, and aligning technical assistance budgets with actual enterprise needs rather than fund size.
- **Supporting local currency investments in food security is a priority action,** which can be achieved by supporting smaller, early-stage equity funds mobilizing African capital to deploy more capital to agri-SMEs, and creating sustainable FX hedging solutions for agri-specific pan-African funds.
- **Deep research and data gaps remain** to mobilise more capital and design efficient interventions, including: the realized additionality and impact of agri-SME funds based on portfolio data; the challenges and expectations of fund investors/LPs to invest in the sector; the risk and financial performance of existing agri-SME funds, as well as key success factors; and the comparative efficiency of interventions that blended finance and catalytic capital can take to support the sector.

Synthesis of recommendations for donors and ecosystem funders

The report highlights that donors and catalytic funders have a decisive role to play not only in increasing the volume of capital flowing to African agri-SMEs, but in improving its fit, reach, and effectiveness. Donor intervention is particularly justified where it helps the market work better: by absorbing risk where additionality is highest, lowering the barriers for new fund managers to sustainably invest and reach viable scale, deepening impact practice, and building the evidence base.

#1. Support the fundraising infrastructure agri-SME funds need to scale

Donors can help build the fundraising infrastructure that allows more agri-SME funds to reach viable scale

- **Scale up and replicate catalytic intermediary vehicles**, including DFI facilities, fund-of-funds and catalytic platforms that can reach smaller and more distributed agri-SME fund managers, both at pan-African and regional or national levels.
- **Support the rise of first-time fund managers** with warehousing facilities and fund manager acceleration programmes with working capital facilities, including both agri specialists and agri-focused generalist funds.
- **Support LP communities** that can help agri-SME funds access new investor bases.

#2. Calibrate concessional capital to additionality objectives, in addition to mobilisation

In agri-SME finance, **the most additional segments of the market are often the hardest to fund**; it creates an opportunity for donors to fix market failures.

- Size **concessional tranches for agri-SME funds** based on additionality and market-building value, not only leverage
- Use junior tranches, anchor commitments, and other de-risking tools where they expand access to capital for underserved agri-SMEs, accepting that some of the most valuable interventions will not produce strong short-term mobilisation ratios.
- Develop and use available sector frameworks to guide the balance **between mobilisation and additionality in agri-SME fund support**.

#3. Design technical assistance interventions around agri-SME needs and strengthening the viability of smaller-sized funds

Many of the agri-SME funds best placed to reach the “missing middle” face structurally weaker economics. Technical assistance is now a core part of the agri-SME fund model, but can be structured to increase its market-building impact.

- Provide **dedicated operating support to agri-SME fund managers** with smaller fund size, so they can sustain value creation and impact delivery.
- **Decouple TA sizing from agri-SME fund size**, but index it on agri-SME count and needs.
- **Explicitly fund pre-investment TA where agri-SME investment-readiness gaps are greatest**, and support both agri-specific funds and agri-focused generalist funds to deliver agri-specific TA.
- Improve efficiency by harmonising procurement conditions and scaling multi-donor TA platforms for agri-SMEs.

#4. Increase local-currency financing for agri-SMEs that impact food security

Local-currency finance remains one of the clearest structural gaps in agri-SME investing, restricting the capital available to agri-SMEs serving regional food systems. Donor support is needed to make local-currency solutions viable across different segments of the agri-SME fund market.

- Support **large pan-African agri-SME funds** with grant-funded FX hedging facilities
- Provide **catalytic capital to smaller, locally rooted agri-SME funds** that can mobilise domestic capital and invest in local currency

#5. Deepen gender integration in agri-SME investing

Gender integration remains uneven across agri-SME funds, especially among larger funds, and tied to the gender composition of senior fund managers.

- Prioritise the integration of **gender as a core driver of both impact and performance in agri-SME investing**, especially in larger and agri-specific funds which are lagging behind.
- Support a greater **gender diversity in agri-SME fund teams** and decision-making structures, via a combination of talent development, incentives, and requirements

#6. Strengthen impact practice in livelihoods, food security, and climate

Livelihoods, climate are already widely embedded across agri-SME funds, but can be more robustly translated to practice.

- Support more **rigorous measurement of livelihoods impact in agri-SME funds**, to move beyond job-counting and farmers reached.
- Provide dedicated resources for the **measurement of food security and nutrition** outcomes in agri-SME funds, in order to remove barriers for funds to track them reliably.

- Support the development and adoption of robust **climate adaptation frameworks tailored to agri-SME funds and their funders**, in order to increase mobilisation of climate finance; including the management of climate risks.
- Fund the **technical assistance and operating costs** needed for agri-SME fund managers to implement these stronger frameworks, especially when it comes to smaller-sized funds

#7. Invest in research, learning, and shared market intelligence for agri-SME finance

Important evidence gaps remain in the agri-SME fund market. Donors can support research and shared learning as part of the agri-SME market-building agenda:

- **Go beyond impact positioning** and examine realised impact outcomes across categories of agri-SME funds.
- **Close evidence gaps** on agri-SME fund financial performance, risk, and the effectiveness of blended finance and catalytic interventions.
- Conduct **investor-side analysis to understand LP expectations** and clarify the potential for capital mobilisation across categories of investors.
- Track the **current agri-SME fundraising cohort over time** to understand which funds raise successfully, which do not, and how strategies evolve.



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Introduction

Agri-SMEs sit at the center of Africa's food systems: they handle more than 60% of food production and trade on the continent, account for around 70% of employment in food systems⁵, and provide most of the aggregation, input supply, processing, and market access that smallholder farmers depend on.

Yet they remain structurally underfinanced. Research from ISF Advisors estimates a **financing gap of approximately \$75bn across Sub-Saharan Africa**⁶. This gap is not only driven by a shortage of capital, but by the accumulation of obstacles: agri-SMEs often fail to meet the criteria for conventional financing; appropriate financial products often do not exist; and even where both are in place, capital still fails to reach them at the right scale, structure, or risk profile.

The challenges typically faced by SMEs across sectors are compounded by the characteristics of agricultural markets, which are associated with high transaction costs, fragmented value chains and elevated risk including exposure to climate and market volatility. Historically, financing to the sector has been channeled primarily through banks (74%), non-bank financial institutions (NBFIs) (11%), public development banks (7%) and impact investors (6%)⁷ operating on the continent.

However, **banks and public development banks, representing 81% of capital flows,** tend to serve the most established and creditworthy enterprises, typically through debt-based products such as working capital, trade finance, and asset finance, and often within structured or export-oriented value chains⁸.

As a result, a **large share of agri-SMEs remains underserved**, particularly those operating in the “missing middle”, defined as enterprises too large for microfinance but too small or informal to meet commercial bank requirements⁹. This “missing middle” includes a broad range of enterprises, from fast-growing businesses embedded in domestic food value chains, such as Forna Health Foods in Uganda which produces locally sourced, nutritious baby food products, to technology-driven ventures such as Tolbi in Senegal, which leverages satellite data to deliver climate-smart insights to farmers. Despite their growth potential and direct relevance to the challenges of food security and livelihoods, **these commercially promising companies remain stuck in a market failure that limits their access to appropriate financing.**

⁴ Definition available in the methodology

⁵ ISF Advisors. 2020. *Bridging the Financing Gap: Unlocking the Impact Potential of Agricultural SMEs in Africa*; OECD. 2018. *Agriculture, Food and Jobs in West Africa*. West African Papers n.14

⁶ ISF Advisors. 2022. *The State of the Agri-SME Sector – Bridging the Finance Gap*. This reference here only covers figures for Sub-Saharan Africa, whereas our study and sample also include North Africa.

ISF Advisors. 2022. *The State of the Agri-SME Sector – Bridging the Finance Gap*. p. 31–32.

⁸ African Development Bank. 2024. *Trade Finance in Africa Survey Report*; IFC & WTO. 2022. *Trade Finance in West Africa*; UNCTAD. 2025. *Unlocking Growth: Determinants of Supply Chain Finance in African Markets*

⁹ Collaborative for Frontier Finance (CFF). 2018. *The Missing Middles: Segmenting Enterprises to Better Understand Their Financial Needs*. The “missing middle” refers to small and growing businesses (SGBs) that fall between microfinance and traditional investment channels: they are too large for microfinance, too small or too risky for commercial banks, and lack the scale, growth profile, or exit potential required by venture capital or private equity investors.

Existing research has already helped quantify the agri-finance gaps, map funding categories, and identify emerging funder archetypes. This publication aims to provide an up-to-date picture of the landscape of African agri-SME funds, on which data has historically remained the scarcest, thanks to a **database of 175 agri-SME funds in Africa**, including funds that have already been raised (“fully raised funds”, 58 funds), and for the first time with a systematic look at funds that are currently fundraising, half of which have already raised a portion of their capital (“fundraising funds”, 117 funds). This **dataset uncovers a new generation of funds that are led by emerging Africa-based fund managers** operating across a wide range of strategies, instruments, and impact themes.

This report is aimed at three audiences:

- It speaks first to **donors and catalytic capital providers** seeking to gain an up-to-date and deeper understanding of this segment of the agri-finance market.
- It provides sector data to **fund managers and fund investors** that can help position new funds in the market and assess the fundraising environment.
- Finally, it can be used by **ecosystem actors**, including research organisations and policymakers to further the understanding of the sector.

It unpacks insights and recommendations for donors and ecosystem funders, organized around the following questions:

- What are the characteristics of the new generation of funds investing in African agriculture value chains?
- What impact are they targeting and achieving, alongside themes such as food security and nutrition, rural livelihoods, gender, and climate change adaptation and mitigation?
- How additional are their investment strategies?
- What will it take for them to mobilise the capital they need to scale?
- How can funders better support them?

After presenting its methodology, the report is organised in two parts:

- **Part 1** describes the **characteristics of the new generation of agri-SME funds**, and examines their role within the broader financing ecosystem
- **Part 2** builds on this **foundation to uncover 5 insights driving the evolution of the market**, as well as recommendations for donors and ecosystem funders

Overall, this analysis aims to clarify not only the breadth of the opportunity, but also the conditions under which capital can be deployed effectively to reach underserved segments of agricultural value chains.



Methodology

The research draws on primary sources, literature review and semi-structured interviews with key informants. The main scoping decisions, definitions and methodological choices are described below.

1/ Positioning of this publication

The agri-finance market has been a topic of intensive research in the past 10 years, including with foundational contributions from the Council for Smallholder Agricultural Finance (CSAF) on impact lenders; Aceli Africa on the East African banking and NBFI sector; ISF Advisors, Agri-SME Learning Collective, SAFIN and the FAO Investment Centre on market trends for the banking sector and agri-SME funds; among others.

This publication, funded by FASA as part of its learning agenda, is positioned within the wider effort of **improving the understanding of the agri-finance market for donors and investors**. Specifically, it seeks to provide a **comprehensive and up-to-date assessment of the landscape of agri-SME funds that are currently fundraising**. The analysis focuses on their targeted investment strategy, their impact positioning, their expected additionality and the fundraising environment they evolve in.

This report will be followed by other publications in the next years, consistent with the objectives of **FASA's learning agenda** covering financial and impact performance, risks, key success factors, and possible interventions to support the sector.

2/ Source of data and caveat

The data used in this analysis draws on a combination of publicly available information, proprietary datasets, and internal analytical work. Data on agri-SME funds were compiled from multiple sources, including investor materials, websites, press releases, and other publicly available documentation.

Overall, the dataset covers **175 agri-SME funds** split between **117 funds currently fundraising** (“the new funds” or “fundraising landscape”) and **58 fully raised funds** (“the raised funds” or “the raised fund landscape”). **A sub-sample of 131 funds is provided in Appendix III**. The research focuses on the 117 funds currently fundraising for which a total of 79 data points was compiled, with comparisons to the previous generations of 58 fully raised funds when relevant.

Funds under the **fundraising landscape** are funds that are either *fundraising pre-first close* (i.e. they have not secured even the initial capital threshold required to begin deploying capital) or *post-first close* (they have secured enough capital to activate their fund and begin deploying capital, but are still fundraising to reach their target size). Funds under the **fully-raised fund landscape** are funds that *completed their fundraising* before the end of 2025.

¹⁰ International Finance Corporation (IFC). *Definitions of Targeted Sectors*. <https://www.ifc.org/en/what-we-do/sector-expertise/financial-institutions/definitions-of-targeted-sectors>

¹¹ ISF Advisors. 2022. *The State of the Agri-SME Sector: Bridging the Finance Gap*, p16

2/ Source of data and caveat continued

Size of the dataset: The funds reviewed in depth in this study do not represent the full agri-SME fund landscape but rather a snapshot at a specific point in time. Some funds currently raising might have fallen outside of what the team was able to capture, whether due to limited visibility, timing of fundraising cycles, or evolving strategies that are not yet publicly documented. The same can be said about the fully raised funds. As such, while the analysis provides a robust and representative view of the market, it should be interpreted as indicative rather than exhaustive, with the understanding that the landscape continues to evolve dynamically.

Survivorship bias: Because the dataset could not capture agri-SME funds that tried and failed to fundraise before 2025, the fully-raised sample consists only of survivors. Comparisons between fundraising funds and fully-raised funds therefore rest on a survivorship-filtered baseline.

Nature of data: The data used for this report has been reviewed thoroughly and validated by the I&P Ecosystems and FASA teams, providing a high level of confidence in the insights and trends identified. Data combines publicly available information with aggregated investor materials and internal databases. Some of the data used in this report is self-reported by fund managers, and was validated and cross-checked by the team. Data availability and granularity vary across the sample; in some sections this limits the depth of analysis possible.

Fundraising considerations: The majority of funds analysed for this report are still fundraising. As such, data should be interpreted as ex ante intent at a specific point in time rather than actuals. This was mitigated via consistency checks with existing portfolio and pipeline, and consistency checks with comparable funds where data is available. Details on the metrics collected are provided in Appendix I.

3/ Scope of Agri-SME funds

For this report, the IFC framework is used to define an SME.

“An **SME** refers specifically to small and medium enterprises which combined: fewer than 300 employees, up to \$15m in total assets, and up to \$15m in annual sales with the enterprise meeting at least two of these three thresholds”.¹⁰

“**Agri-SMEs**” refer to SMEs involved either directly or indirectly in the entire agricultural value chain, from input supply and pre-production, to production, post-harvest and transport, trading and marketing, processing, and retail and consumption, as well as equipment, finance and service providers supporting these activities.¹¹

“**Agri-SME funds**” refer to investment vehicles that allocate at minimum 30% of their investment capital to small and medium-sized enterprises operating within agricultural value chains. Two categories of funds are considered within this definition:

- **Specialist funds**, whose investment strategy is **fully dedicated** (100% focus) to agriculture, food systems, or agricultural value chains.
- **Agri-focused generalist funds**, defined as funds whose investment strategy is **allocating or planning to allocate more than 30%** of their investable capital to agri-SMEs.

While generalist funds allocate capital to agri-SMEs to varying degrees, a **minimum threshold of 30%** was set to ensure the sample only captures funds with meaningful and targeted exposure to the sector, rather than those where agriculture represents only a marginal share of deployment. This means the figures cited throughout the report likely understate the full volume of capital reaching agri-SMEs through generalist funds broadly, as funds with below-threshold allocations were excluded.

4/ Categorisation of investment strategies

The analysis of agri-SME fund segments represented in the database relies on an asset-class segmentation commonly used in ecosystem publications,¹² based on four major categories of investment vehicles:

- **Early-stage SME funds**
- **Growth SME funds**
- **Debt funds**
- **Venture capital funds**

Details about these archetypes are provided in section 1.

To reconcile the potential variability in how capital is deployed, the investment size range and the categories of instruments targeted were systematically collected across the sample. They were then cross-referenced against the targeted fund size to determine the **typical ticket size and instrument** that are likely to be primarily used by the fund. It is worth noting however that some funds may exceptionally deploy instruments and ticket sizes outside of their assigned archetypes on a transaction-by-transaction basis.

5/ Categorisation of impact

The following impact themes were assessed as part of this report and constitute the core of **Insight #3** of the report.

- Improved livelihoods for smallholder farmers
- Food security and nutrition
- Climate impact (broadly, including adaptation and mitigation)
- Gender inclusion
- Additionality at SME level

¹² Argidius Foundation. I&P. 2025. *How can African SME funds mobilise more capital? Data and lessons from pioneering LPs and GPs*; I&P. Convergence. CPI. 2026. *Transformative Capital: The Role of Blended Finance in shaping the trajectories of gender- and climate focused Impact Funds in Sub-Saharan Africa*; ISF Advisors. 2022. *The State of the Agri-SME Sector: Bridging the Finance Gap*. p.16-17; Omidyar Network. 2025. *Enterprise Segmentation Report: Segmenting Enterprises to Better Understand Their Financial Needs*.

While many funds in the sample have already made investments and achieved impact, the scope of the current report was to identify aggregate trends by assessing the impact objectives of a large sample (175 funds), as opposed to concluding on their actual impact reached. In order to do so, the following scoring methodology was adopted:

- **Step 1:** The funds were graded based on their positioning, strategy and measurement framework on each impact dimension (see Appendix II).
- **Step 2:** These grades were reviewed for consistency checks against other data points including actual portfolio data, pipeline information shared and fund structure.

6/ Fund manager experience

The industry standard typically categorises fund managers as **Emerging** or **Established** fund managers.

Emerging Fund Manager refers to a fund management team that is raising its first or second fund.

Established Fund Manager refers to a team that has successfully raised and managed three funds or more, with a demonstrated track record across multiple cycles. In the fundraising landscape, only 15 out of the 117 fund managers reviewed fall under the category of established fund managers.

To unpack experience with more granularity, the report uses the following additional definition:

First-time Fund Manager refers to a fund manager currently raising its first fund (a sample within the Emerging fund managers).

Additionality in the context of this report refers to the degree to which a fund's investment makes a difference that would not have occurred under prevailing market conditions. In this report, it is assessed at the SME level: whether the enterprises being financed would otherwise have remained unfinanced or not financed at all, and whether the instrument mix bridges a gap in what the market otherwise offers. Appendix II details the grading approach for additionality.

Fund refers to the investment vehicle used to deploy capital and support companies. This category includes closed-ended funds, permanent capital vehicles and alternative fund structures.

Fund Investor refers to the provider of capital into the Fund. These investors may be catalytic (deploying concessional capital) or commercial (benefiting from the concessional capital and providing capital at market terms). In practice, they are referred to as Limited Partners (LPs) or investors depending on the vehicle structure used.

Fund Manager refers to the organisation responsible for deploying capital, managing the portfolio, and overseeing the realisation of the investments. In practice, they are referred to as General Partners (GPs) or Managers depending on the vehicle structure used.

Frontier markets are a subgroup of emerging market and developing economies characterised by an intermediate level of financial development and international financial integration. They remain less integrated and mature than emerging markets, and are often considered “pre-emerging” economies.

Least Developed Countries (LDCs) are a category of low-income nations recognized by the United Nations as facing the most severe structural impediments to sustainable development. The UN Committee for Development Policy (CDP) classifies countries as LDCs based on three criteria: low gross national income (GNI) per capita, weak human assets (measured through indicators of nutrition, health, and education), and high economic and environmental vulnerability.

Technical Assistance (“TA”) refers to the non-financial support provided to portfolio SMEs, such as advisory services, governance strengthening, financial management, and capacity building, designed to complement capital investment by addressing operational and structural gaps that funding alone cannot resolve. TA is typically delivered through a dedicated facility and may be grant-funded given SMEs' limited ability to absorb its cost.

Value creation refers to the process by which a Fund Manager actively enhances the performance and impact of its portfolio companies beyond the provision of capital. In agri-SME funds, this encompasses operational improvements, strategic development, governance strengthening, and measurable progress on social or environmental objectives.

¹³ The World Bank. 2026. *Frontier Market Economies, Promise, Performance and Prospects*. [Report](#)



Agros

PART I: A diverse fund landscape responding to persistent gaps across the agri-SME lifecycle

For agri-SMEs to evolve from early-stage pilots and small enterprises to scaling firms, they require a combination of capital and support shaped by their stage and growth trajectory, their value chain, business model, currency, and country environment. Together, these factors result in highly heterogeneous and dynamic financing needs.

The 117 funds currently in active fundraising reflect this breadth: strategies range from single-country early-stage vehicles writing first checks of \$250k and venture studios co-building enterprises from inception, to growth funds backing proven models with multi-million-dollar tickets and specialised debt vehicles financing established processors and exporters.

This diversity seeks to address some of the persistent gaps in conventional financing. While commercial banks remain the dominant source of formal capital, accounting for approximately 74%¹⁴ of total financing flows to the sector in Sub-Saharan Africa, their reach is constrained by collateral requirements, transaction costs, short tenors, standardised products, and institutional risk perceptions. Interventions such as Aceli Africa in East Africa are helping lower some of these obstacles, and drawing major insights.¹⁵

However, a broad segment of agri-SMEs remains underserved, ranging from early-stage innovators in dire need of risk capital, to more established businesses lacking the patient and appropriately structured investments to scale.

Agri-SME funds have emerged to address these gaps, with different fund archetypes targeting specific financing constraints along the SME lifecycle. In doing so, they respond directly to two well-documented challenges in the literature: the insufficient quantum of capital available to the sector, and the mismatch in the structure of that capital relative to agri-SME needs.¹⁶

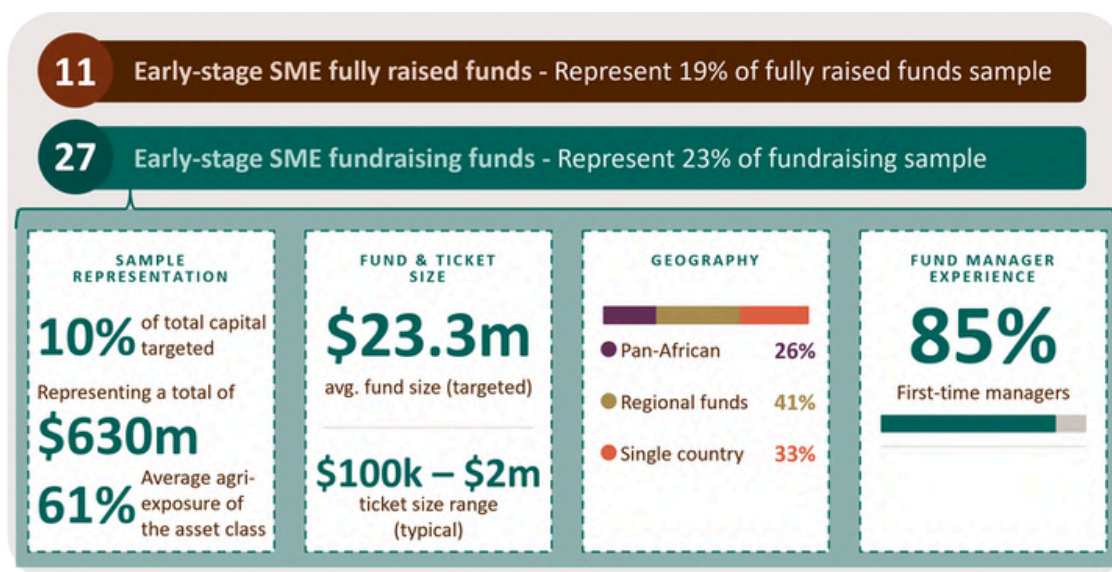
Understanding these agri-SME funds, and the role they play alongside traditional finance pathways, is essential to assessing the opportunity and challenges of the current agri-finance landscape. The sections that follow unpacks the archetypes of agri-SME funds, before turning to the fundraising landscape as a whole and the implications for investors and funders looking to support the sector.

¹⁴ ISF Advisors. 2022. *The State of the Agri-SME Sector: Bridging the Finance Gap*

¹⁵ Aceli Africa. 2025. *Activating the agri-SME finance market ; learnings from 2020 to 2025*

¹⁶ ISF Advisors. 2022. *The State of the Agri-SME Sector: Bridging the Finance Gap*

1. Early-stage SME funds are first investors in small, fast-growing agri-SMEs and fully formalise them



The largest segment of agri-SMEs on the continent are the **brick-and-mortar businesses** operating in traditional sectors; they remain excluded from formal financing channels. These enterprises are typically small in scale, **with annual revenues ranging from \$100k to \$2m and staff size of 10 to 50 employees**. They often lack audited financial statements, stable cash flows, and collateralisable assets. Representing an estimated 60-70% of the SME population, this segment is among the most underserved, as high transaction costs and perceived risk deter formal financial institutions from serving them.¹⁷

Early-stage SME funds address this gap by providing the first layer of meaningful capital typically through equity or quasi-equity tickets in the \$100k-2m range, alongside deep management and governance support, financial structuring, and strategic guidance. This combination enables SMEs to strengthen their operations and become investable for subsequent stages of financing.

Beyond capital provision, these funds play a foundational role in the ecosystem by converting a large pool of informal or underdeveloped businesses into investment-ready opportunities for later-stage investors and larger bank loans. They are overwhelmingly made up of first-time fund managers who are deeply anchored in one country or region: many are single-country funds, building their market.

With **27 funds targeting a fundraising of \$630m**, early-stage SME funds are the **second most represented strategy in the fundraising landscape**, underscoring both the scale of unmet demand and their central role in shaping the depth of the investable agri-SME landscape.

¹⁷ CFF. 2018. *The Missing Middles: Segmenting Enterprises to Better Understand Their Financial Needs*

Case study: Néré Capital supported AgroServ to reinforce the cereal value chain in Burkina Faso



Grain processor in Burkina Faso

Problem & opportunity for impact

In Burkina Faso, cereal value chains remain largely informal, limiting smallholder farmers' access to stable markets, inputs and extension services. While demand for locally processed cereals such as maize is growing, the sector lacks sufficient processing capacity and imports.

Solution brought by the company

AgroServ sources maize directly from over 6000 smallholder farmers across the country and processes it into gritz, semolina, flour and bran. By formalizing procurement, improving quality standards and cofinancing irrigation programs, the company strengthens yields and linkages between farmer and end markets, while increasing local value addition and substituting imports. Its model enhances farmer income stability, reduces post-harvest losses, and improves access to affordable, locally produced staple foods.

How accessing capital increases impact?

Néré Capital provided AgroServ with its first €300k early-stage equity investment, which increased processing capacity and leveraged bank-funded working capital. The company multiplied its sales, became the national leader, and attracted 3 pan-African investors in a €12.2M subsequent round which funded the building of a second factory in the West of the country. Néré Capital exited, having provided initial support.

AgroServ

Investment Fund: Néré Capital

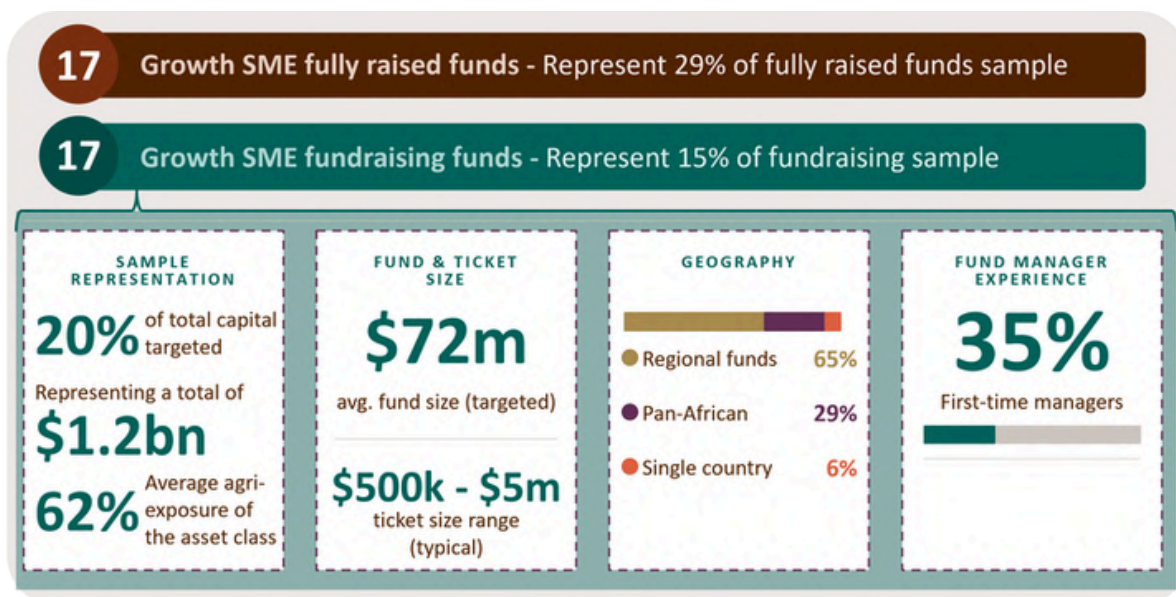
Ticket size: <\$1m

Instrument: Equity + Mezzanine

Impact Theme: Food Security & Nutrition and Improved Livelihood for Smallholder Farmers

Geography: Burkina Faso

2. Growth SME funds invest patient risk capital to accelerate scalable companies



As agri-SMEs mature, financing constraints evolve rather than disappear. While commercial banks engage significantly, their products remain focused on working capital. **Growth SME funds address this gap by deploying equity and quasi-equity, typically in the \$0.5m to \$5m¹⁸ range, on 5-to-10-year timelines.** Alongside capital, they provide strategic support to enable enterprises to scale operations, expand geographically, and strengthen value chain integration.

¹⁸ To preserve analytical simplicity, the growth SME fund sample also incorporates a small number of larger equity funds (>\$100m) with higher fund ticket sizes.

At this stage, growth SME funds play a scaling role: supporting businesses that have moved beyond early-stage constraints but still require flexible, patient capital to accelerate growth and leverage more debt financing. **17 growth SME funds are currently raising \$1.2bn, representing 15% of the fundraising landscape by count.** They are largely led by fund managers raising their second or third funds, deploying pan-African or regional mandates.

Case study: ARAF invested in Hatch Africa to scale affordable protein across East Africa



© ARAF

Affordable protein across fragile markets



Problem & opportunity for impact

Across Rwanda, and Uganda, rural households depend on low-productivity local chickens that lay few eggs and grow slowly, limiting both protein intake and income. Annual per-capita poultry consumption in the Great Lakes region remains a fraction of global averages. Farmers lack access to improved breeds, quality feed, vaccines, and veterinary support, trapping millions in a cycle of low yields and food insecurity.

Solution brought by the company

Hatch Africa breeds and distributes a poultry breed that is 4x more productive than local birds, through 1,000+ trained agents across Rwanda, and Uganda. This is the replication of a successful model that grew out of Ethiopia to become a regional player.

How accessing capital increases impact?

To date, ARAF has invested USD 4.0 million through a convertible note to support the company's expansion into Uganda and Rwanda, strengthen its production and distribution systems, and deepen its reach in low-income urban and peri-urban markets. ARAF has also provided funding to support its expansion into West Africa. Since ARAF's investment in 2020, the company has reached approximately 2 million people in Uganda and Rwanda. This demonstrates the role growth-stage SME funds can play at a critical inflection point: backing commercially viable, ready-to-scale businesses with flexible, risk-tolerant capital that traditional lenders are often not structured to provide.

Hatch Africa

Investment Fund: ARAF

Ticket Size: \$4M

Instrument: Convertible note

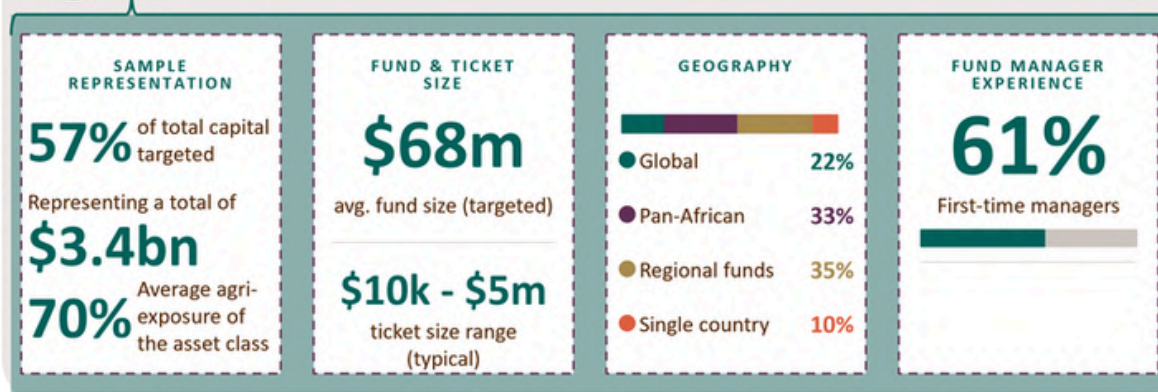
Impact Theme: Food Security & Nutrition

Geography: Rwanda, Uganda & DRC

3. Debt funds provide tailored structuring to bridge agri-SMEs towards more commercial debt

24 Debt fully raised funds - Represent 41% of fully raised funds sample

51 Debt fundraising funds - Represent 44% of fundraising sample



Many agri-SMEs are capable of servicing debt, yet they cannot access affordable and tailored financing from banks due to lack of collateral, weak records or uncertain business models and value chains. **Debt funds address this gap by providing more flexible debt terms**, including longer tenors, tailored repayment schedules, revenue and cash-flow based repayment, grace periods, adaptation to seasonality and, in some cases, local currency financing. **These features can better align with the cash flow profiles and risk characteristics of agri-SMEs.**

At this stage, funds play a transitional role, supporting enterprises in building credit histories, strengthening financial management, and demonstrating repayment capacity, with the objective of enabling future access to commercial bank financing. **The funds within this segment range from small funds deploying tickets as low as \$10k to large-scale vehicles deploying \$5M and above.**¹⁹ With 51 funds targeting \$3.4bn (44% of the fundraising landscape by count), **this is the largest strategy in the landscape and one directly positioned to expand the reach of formal financial systems into the agri-SME segment.**

Case study: lungo has invested \$1m in JKCC, strengthening Uganda's coffee value chain



Strengthening Uganda's coffee value chain



Problem & opportunity for impact

Despite being one of Africa's largest coffee producers, Uganda's 1.7 million coffee farmers—the backbone of the value chain, capture limited value from their output. They remain exposed to low and volatile prices, often selling through fragmented channels that do not reward quality or consistency. As a result, farmers lack the incentives and resources to invest in improved practices, constraining productivity and the sector's overall potential.

Solution brought by the company

JKCC General Supplies Limited, founded in 2017 and based in Nabbingo, Uganda, is a green coffee trading and processing company focused on high-quality Arabica and Robusta exports. JKCC emphasises traceability and direct sourcing from more than 10K smallholder farmers as part of its mission to uplift Uganda's coffee sector

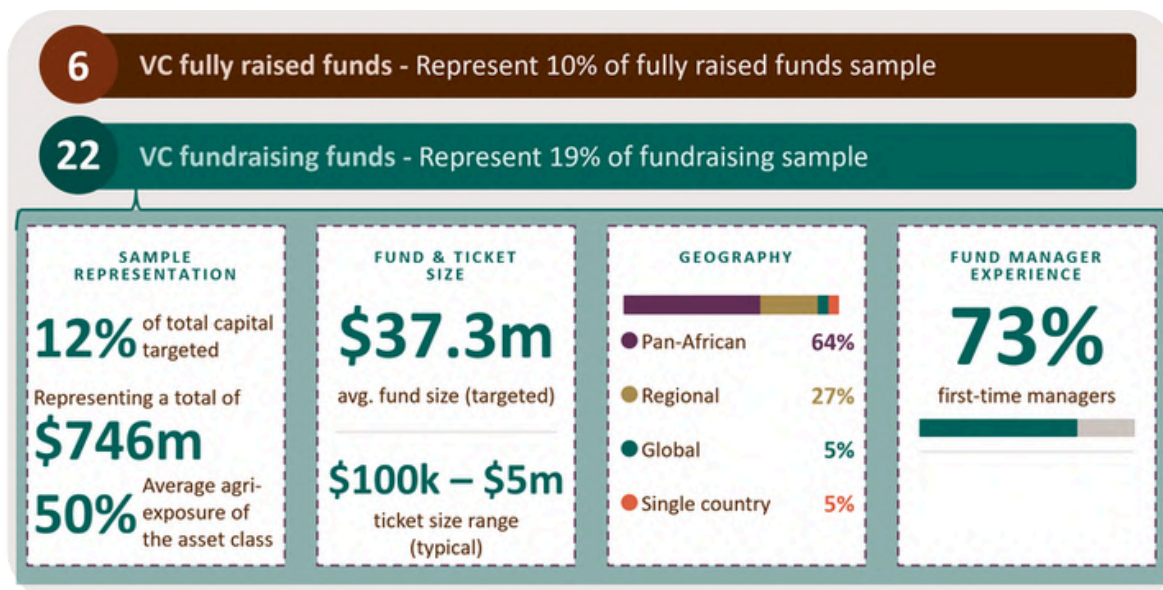
How accessing capital increases impact?

lungo's initial \$100K working capital loan to JKCC, complemented by facilities from Rabo Foundation, Incofin, and others, helped drive an 80x revenue increase and a 10,000-farmer network expansion. Through continued investment rounds since day one, lungo has remained a constant growth partner, with its commitment now reflected in a \$1M credit facility with the company.

JKCC

Investment Fund: lungo
Ticket Size: \$1M
Instrument: Debt
Impact Theme: Improved Livelihood for Smallholder Farmers
Geography: Uganda

4. Venture capital funds invest in ag-tech startups that provide innovative products and services



¹⁹ The methodology provides more detail on how this variability in ticket size and instruments was integrated in the report. This variability is particularly important for debt funds.

Most of the innovative and tech-enabled companies active in African food systems are still at the earliest stages of development. These include digital platforms connecting farmers to markets, climate-smart input providers, tech-enabled logistics companies, and data-driven agricultural services. They typically have limited revenues, no collateral, and nascent track records. Yet they show promise in achieving impact, especially when it comes to climate adaptation, for which product and business model innovations are essential to improve the resilience of farmers and value chains.

Venture capital funds support these enterprises by providing risk capital (including equity and quasi-equity instruments) and **strategic guidance** at the point of highest uncertainty and potential. Initial tickets are typically below \$500k for pre-seed funds (the strongest concentration within funds in the dataset) targeting early-stage startups but can increase for later-stage investors within the segments.

In the fundraising landscape, 22 VC funds are raising a combined \$746m, representing 19% of funds by count. These funds are primarily concentrated in the largest and most established African market; they nearly double their proportion of the total fund landscape, and disproportionately invest at pre-seed and seed stage, reflecting the rise of ag-tech innovation on the continent.

Case study: Catalyst Fund seeded Farm to Feed to fight food loss in Kenya



Catalyzing early-stage innovation in food systems through first institutional capital

Problem & opportunity for impact

In Kenya, 30–40% of the harvest is lost post-farm gate, costing the economy an estimated USD 500–600 million per year. Much of this loss is in cosmetic, perfectly edible produce rejected for size, shape, or surplus. Food loss generates 10% of global greenhouse gas emissions, and in Kenya smallholders who produce 75% of output bear the full cost as lost income they cannot reinvest.

Solution brought by the company

Farm to Feed’s B2B platform aggregates surplus and “rescue-grade” produce from 6,500 smallholder farmers (43% women) and sells it to restaurants, caterers, and processors. To date they sold 2.1 million kg of produce, avoiding 247 tCO₂e, and raising farmer incomes up to 41%, with less than 1% food loss in its own chain.

How accessing capital increases impact?

Catalyst Fund was the first investor (at pre-seed), providing venture building support and capital, which unlocked \$1.2M in follow-on seed funding from a diverse group of investors. This follow-on round is enabling the company to scale its operations across Kenya, invest further in its digital platform, and expand into value-added product lines to access higher-value markets.

Farm to Feed

Investment Fund: Catalyst Fund

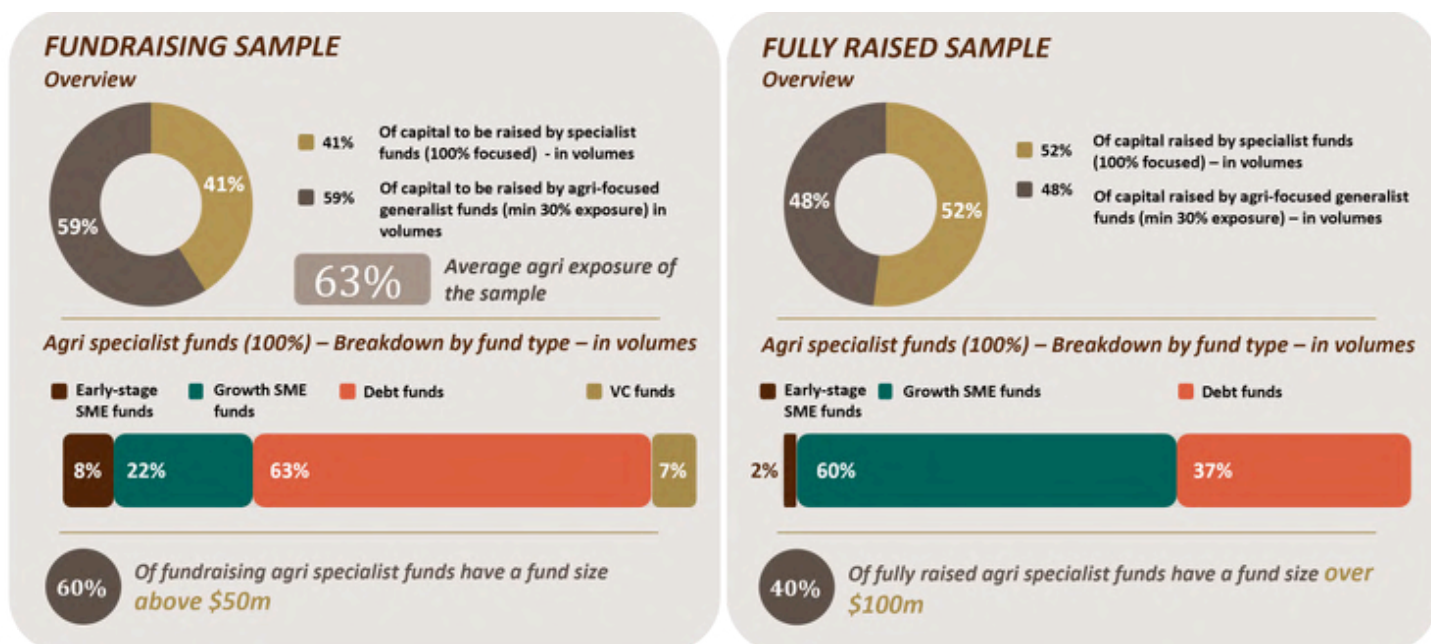
Ticket Size: \$450K

Instrument: SAFE & Seed Equity

Impact Theme: Food Security & Nutrition

Geography: Kenya

Agri-SMEs receive their capital from both agri-specialist funds, and agri-focused generalist funds



Across all archetypes, a cross-cutting distinction emerges between agri-specialist and agri-focused generalist fund strategies.

Specialist funds (41% of funds) focus exclusively on agriculture and food systems, developing deep sector expertise and explicitly integrate themes such as food security, climate resilience, and livelihoods into their strategies. These are primarily larger funds (44% above \$100m) which frequently raise large amounts of concessional capital.

Agri-focused generalist funds (59% of funds), by contrast, allocate a significant share of their portfolios to agri-SMEs alongside other sectors, with agriculture forming one component of a broader investment strategy (more than 30% of their fund size). They can bring broader investor networks, geographic reach, and additionality. Funds below \$50m constitute bulk of generalist funds.

Generalist funds represent 37% of the capital that agri-SMEs could receive, with high additionality

The historical practice of mapping African agri-SME finance is to focus on **specialist vehicles**, because their agricultural mandate is explicit and every dollar raised is directed toward the sector. This is a reasonable starting point, but only looking at those specialised actors misses a substantial share of how capital reaches agri-SMEs in practice.

Agri-focused generalist funds are estimated to collectively channel around \$1.58bn to agri-SMEs from the current fundraising landscape, **which represents 44% of the total capital these generalist funds expect to invest across sectors (\$3.5bn)**. Their role is therefore significant. This figure does not take into account the capital that is deployed by generalist funds with an allocation to agri-SMEs that is lower than 30% (as they are not part of the scope of this study).

The case for generalist funds goes beyond scale: their defining advantage is that **their diversified strategy enables them to operate in segments where specialist funds cannot as easily invest**. For instance, a single-country fund such as Néré Capital in Burkina Faso cannot sustain itself on agriculture alone, as combining sector specialisation with a single-country focus significantly reduces its investable pipeline and increases the overall risk profile. However, by investing across healthcare, education, manufacturing, and agriculture, they can maintain a viable portfolio and attract commercial private African capital, while deploying around 40% of their capital to agri-SMEs.

This dynamic also explains why generalist funds tend to reach companies that specialist vehicles overlook. **83% of local currency-investing funds in the fundraising landscape are generalist funds**. They are more likely to operate in frontier and underserved markets, engage earlier in the SME lifecycle, and invest smaller ticket sizes. In other words, their broader mandate gives them the flexibility to be more additional.

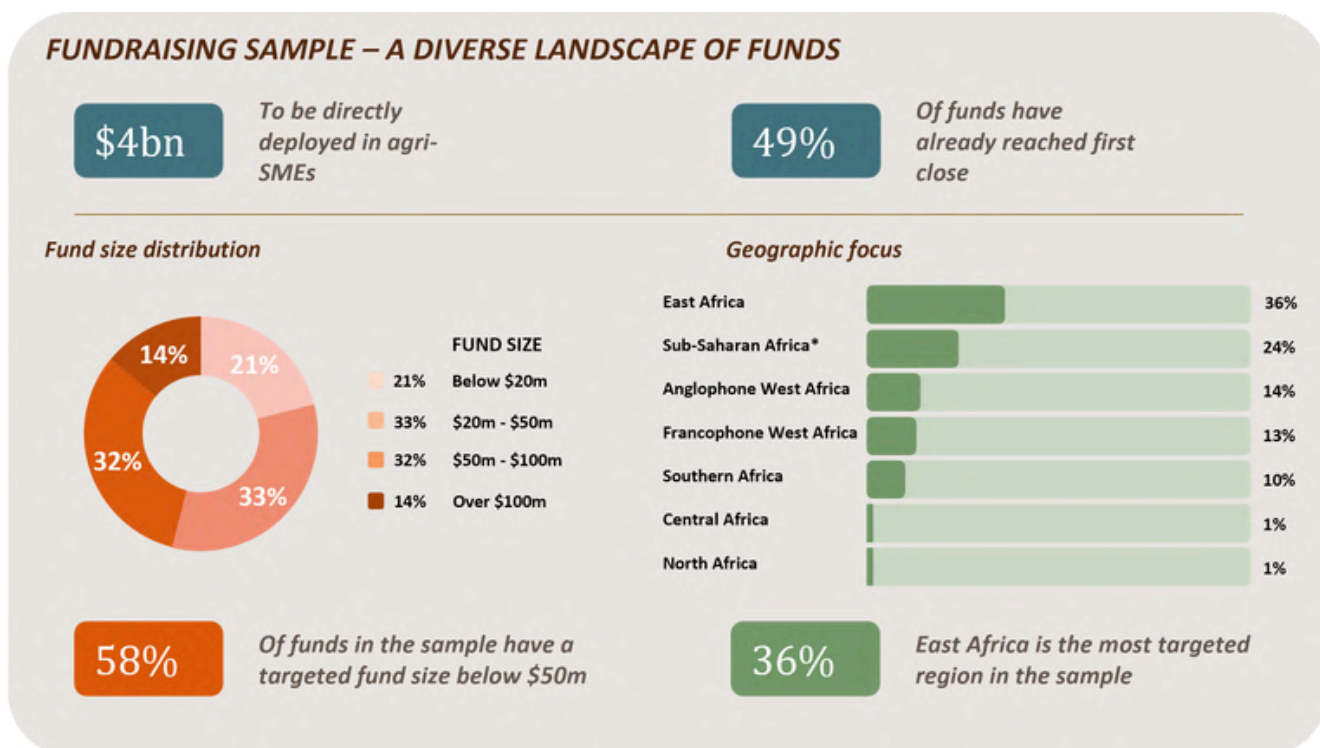
The result is a financing model that is complementary. **Specialist funds bring depth of sector expertise and explicit alignment with agricultural themes. Generalist funds bring geographic diversity, market proximity, and the structural flexibility to operate in environments where a single-sector approach is often risky.**

The landscape has become very diverse, but is also highly fragmented

The African agri-SME fund landscape points to a market that is **large, diverse, and increasingly responsive to the needs of agri-SMEs**.

This is not always clear from the outset, as the funds that constitute it, while diverse and impactful (see **Insight #3**) are smaller (see **Insight #1**) and often run by first-time teams (see **Insight #5**). They are also increasingly based outside of global financial hubs (see **Insight #2**).

All those factors contribute to making it harder for investors, donors and ecosystem actors to grasp the size of the opportunity.



This report draws on a database of 175 agri-SME funds, giving a picture of how capital is being deployed and what impact targets funds are actively pursuing. Before moving into specific insights, below are a few of the many areas where further research is needed to challenge and deepen the insights of this report.

A few recommendations for further research

Fund investor-level analysis

This mapping focuses on the fund-level side: which funds exist and are currently being raised, what capital they offer, on what terms and how it translates into potential impact. **Doing a similar analysis from the perspective of fund investors would help bridge gaps.** Specifically, this would mean looking at which fund investors are equipped to allocate capital to the sector, what they expect from agri-SME funds (including risk profile, performance thresholds, impact metrics, holding period, level of concessional capital, etc.), what their level of readiness to engage with the sector is, and where current fund structures fail to meet those expectations. Answering it would help funds sharpen their positioning and give donors and ecosystem actors more practical insights when designing capital mobilization interventions.

From intentions to actual impact

The report covers how funds position themselves on impact, but how they operationalize that in practice is not within the scope of data for the broad dataset, and only partially addressed in the insights that follow. A review of how **impact outcomes are distributed across categories of funds** (asset classes, size, etc.) and interact with additionality would fill an important gap.

Recurrent tracking of fundraising performance

This review captures the landscape at a single point in time. **Following up on the same sample in 3 to 5 years looking at which funds actually ended up raising**, which funds did not and how successful funds adjusted their targets and strategies along the way, would refine the picture considerably over time. As such, this report should be the starting point of a recurrent analysis.





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PART II: The agri-SME fund landscape is evolving towards more additionality and impact

Within the fundraising landscape of 117 funds targeting \$6bn, five insights emerge. Each is compared, where the evidence allows, against a sample of 58 fully-raised funds, thus providing a view of how the landscape is evolving over time.

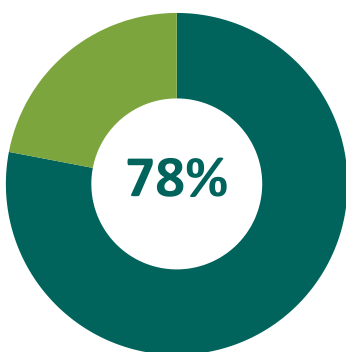
Together these insights examine how the new generation of funds plans to invest, where they operate, what impact they aim to generate, and what it will take to attract the capital to deliver on that ambition.

Insight 1: The new generation of funds is plugging some of the most enduring financing gaps in the “missing middle” of agri-SMEs

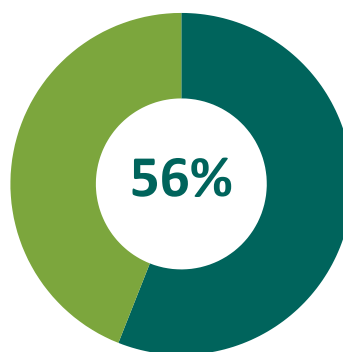
Fully-raised funds (with a sample that was raised between 1999 and 2025, the majority of which between 2011 and 2019), are characterised by a relatively concentrated investment approach: **large ticket sizes** (65% of the capital raised going to large investments above \$5m) deployed into mostly **well-structured, export-oriented value chains**, operating through **global and pan-African investment vehicles** (85% of the capital).

The new generation of funds is **building on this foundation while expanding beyond it**. Established fund managers now raise larger funds; and at the same time, a new cohort of first-time fund managers is expanding the ways in which capital reaches agri-SMEs across the continent with smaller investment sizes, earlier-stage investments and more flexible instruments.

FUNDRAISING SAMPLE - AGRI-SMES FINANCING MODELS



Of funds will deploy ticket below \$2m



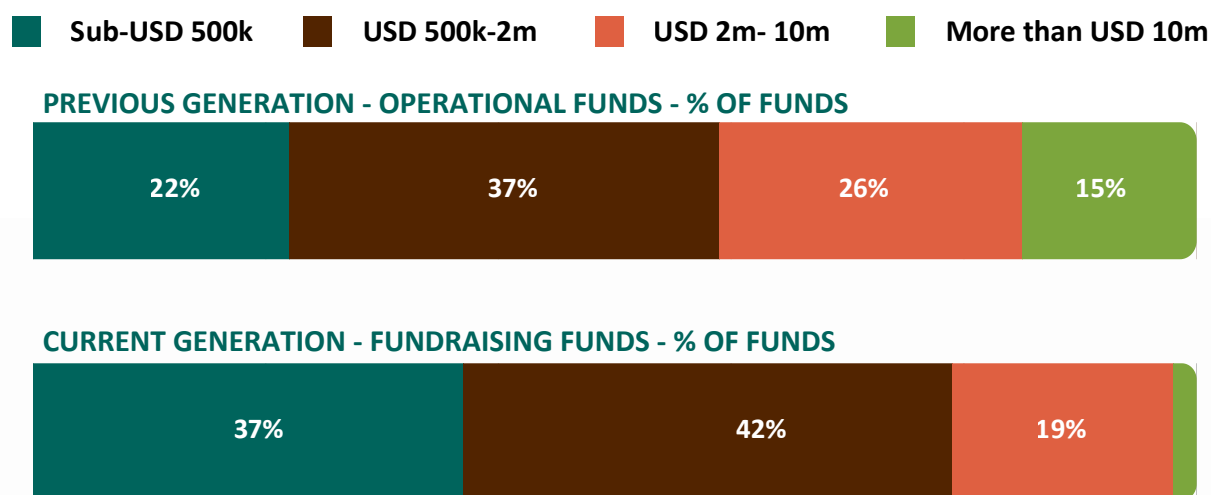
Of capital will be invested in debt

From large investments to covering the entire “missing middle”

New funds invest a much wider range of investment ticket sizes, including in the “missing middle”

The diversification of investment ticket sizes is one of the clearest expressions of this evolution. **79% of funds, representing 59% of capital, seek to deploy tickets below \$2m**, compared to only 27% of capital in the previous generation. Among these, sub-\$500k tickets have increased from 22% to 37% of funds (now representing 22% of capital).

Ticket size representation in previous and current generation of funds



This movement down-market runs counter to many learnings from agri-lending, which have demonstrated how loan sizes have historically been unprofitable²¹; digging deeper however, it reflects **an expansion towards new asset classes and investment instruments** and a stronger focus on early-stage fast-growth enterprises that have historically had limited or no access to formal institutional capital. At the same time, 16 funds with sizes above \$100m account for 43% of the total capital targeted (\$2.6bn).

The rise of smaller funds therefore coexists with a continued concentration of capital into large vehicles,

- 1. Over time, existing fund managers tend to increase fund sizes.** As their teams build track record, they are progressively able to raise larger vehicles and target larger deal sizes in often more mature companies with lower risk level, transaction costs and capacity-building needs, and therefore better prospects for sustainable returns. This is a clear trend for large debt and equity funds managed by established fund managers. Notable exceptions exist when some of these managers leverage their platform to develop new high-impact funds with blended finance support, in addition to their more commercial vehicles (an example being Agdevco Ventures Plus²²).
- 2. At the same time, a new generation of first-time fund managers is arising.** As they start their journey with limited track record, they raise smaller fund sizes that deploy smaller ticket sizes. They often deploy equity or flexible debt instruments. In the fundraising sample, **first-time fund managers represent the majority of funds with 65% of total funds** (targeting a fundraise of \$2.8bn of targeted capital which is 46% of the fundraising sample).

Debt remains the backbone of the agri-landscape, while instruments become more additional

The landscape remains heavily focused on investing debt, which accounts for 34% of funds but 56% of capital, reflecting the fact that **debt funds are larger on average than equity vehicles**. Equity and quasi-equity represent the majority of funds by count (55%) but 41% of the capital being raised. At the headline level, this is broadly consistent with the previous generation.

The prevalence of debt reflects several structural factors: clearer exit paths given the self-liquidating nature of debt instruments, more explicit transfer of foreign exchange risk through hard-currency denominated instruments, and simpler investment structures to manage and implement when compared to equity and equity-like instruments.

While the balance has not materially changed, what has changed is which agri-SMEs receive this capital. **Across both debt and equity strategies, deployment has expanded toward earlier-stage agri-SMEs** that the previous generation of funds served less systematically. Investment instruments previously concentrated in established, export-oriented value chains are now being adjusted and applied to a broader, more diverse segment of agri-SMEs.

This comes with clear trade-offs: smaller tickets increase transaction costs per dollar deployed, and earlier-stage enterprises carry higher risk profiles. Fund managers are adapting on three fronts:

- **Fund managers are increasingly Africa-based (see Insight #2)**; and 80% of funds deploying tickets below \$500k operate from within the continent. This closer proximity to businesses enables better risk management, value creation support, and tighter control over operating costs relative to fund size.

- **They are increasingly deploying more flexible hybrid instruments.** A clear example is mezzanine instruments, which have grown from 11% of funds in the previous generation to 24% today, representing 30% of targeted capital. By combining flexible repayment structures with equity-like upside, these instruments are sometimes better suited to the cash flow volatility of earlier-stage agri-SMEs while also improving return potential and cash flow at the portfolio level.
- **They seek to raise blended finance** such as pre-investment and post-investment technical assistance to cover the added cost of transactions and value creation, as well as concessional capital in the form of junior tranches to reduce the risk level for investors.

Spotlight: Hybrid instruments to finance SMEs

Hybrid instruments refer to a broad category of financial tools that combine features of **both debt and equity within a single structure**. They are designed to provide flexible risk capital to SMEs that fall between traditional senior debt and pure equity in terms of risk profile and financing needs.²³ Hybrid instruments typically include a wide range of structures such as mezzanine finance, subordinated debt, convertible loans, and other forms of quasi-equity. These instruments typically share common characteristics, including subordinated seniority and repayment, flexible terms, and/or upside participation linked to performance. Their diversity reflects the need to adapt financing solutions to the heterogeneity of SMEs and the financing gaps in underserved markets. Across the fundraising landscape, **the shift is therefore not from debt to equity but rather an expansion of the menu of instruments**.

²¹ USAID.CSAF. 2018. *Financial Benchmarking Final Learning Report*.

²² <https://www.agdevco.com/news-and-resources/news/fcdo-funding/>


²³ Dutch Good Growth Fund (DGGF). Netherlands Enterprise Agency (RVO). 2026. *Seed Capital & Business Development – Knowledge Development*.

New funds invest earlier, taking initial risks and building businesses from the ground up


A defining feature of the current fundraising landscape is a growing capacity among fund managers to engage earlier in the enterprise lifecycle by taking on initial risks, closely supporting company development, and in some cases actively co-building companies.

This shift is illustrated by the rise of **venture capital funds, which have grown from 10% to 19% of funds (9% of capital) in the fundraising landscape**. These funds primarily invest in business models referred to as “High-growth Ventures”²⁴ according to the CFF nomenclature²⁵ and ISF typology²⁶. They back agri-tech innovators, digital platforms, and other technology-enabled businesses that introduce new models across value chains contributing to more efficient, resilient, and scalable agricultural systems. In some cases, they deploy venture studio or venture builder models (see insight 4), whereby they co-create companies alongside entrepreneurs, acting as institutional co-founders.

Case study: Catalyst Fund’s investment in MazaoHub preceded a \$2M pre-seed round



East Africa’s largest aquaculture company



Problem & opportunity for impact

Smallholder farmers across Sub-Saharan Africa lack data-driven agronomy services and face climate shocks that trap them in low productivity. In Tanzania alone, poor farming practices increase carbon emissions by over 17% while costing \$1.5 billion annually in agricultural losses. Only 4% of farmland is irrigated, and one government extension officer serves over 3,000 farmers.

Solution brought by the company

MazaoHub deploys a hybrid “Tech & Touch” model combining three interconnected services:

- Low-cost solar-powered soil sensors providing real-time soil health data in 5 minutes
- AI-powered offline farm management platform with crop dashboards and cost analysis tools
- Farmer Excellence Centres with in-person agronomists and crop aggregation centres

How accessing capital increases impact?

Catalyst Fund’s \$200K pre-seed investment supported MazaoHub in scaling to over 185,000 farmers, with reported reductions of more than 30% in fertiliser costs and improved yields. This traction preceded a \$2M oversubscribed pre-seed round backed by Nordic Impact Fund, Mercy Corps Ventures, elea Foundation, Impacc and DOB Equity.

Mazao Hub

Investment Fund : Catalyst Fund
Ticket Size: \$200K SAFE
Instrument: Equity + Grant
Impact Theme: Climate Adaptation of Smallholder Farmers
Geography: Tanzania

Alongside these venture capitalists, **early-stage SME funds play a complementary role by targeting agri-SMEs with more traditional business models** referred to as “dynamic enterprises”²⁷ and “niche ventures”²⁸ (CFF), and “dynamic ventures” or “diversifying enterprises” (ISF). These firms promise fast rather than explosive growth trajectories, combined with lower business model and product risk: they remain too risky for traditional bank lending, yet insufficiently scalable to fully match venture capital expectations.

Together, these two fund types aim to expand the frontier of innovation in the agriculture sector, and strengthen the base of investable enterprises for later-stage funds. When successful, the result is a more structured and dynamic pipeline where new models are tested upstream and progressively translated into scalable businesses that can absorb larger pools of capital over time.

²⁴ High-growth ventures are innovative firms, often technology-enabled, targeting large addressable markets and exhibiting strong scalability and rapid growth potential.

²⁵ CFF. 2018. *The Missing Middles: Segmenting Enterprises to Better Understand Their Financial Needs*

²⁶ ISF Advisors. 2022. *The state of the agri-SME sector: Bridging the finance gap.*

The new generation of funds is putting additionality at the core of its mandate

Additionality, as used in this report, refers specifically to **financial additionality**²⁹: whether the agri-SMEs financed by a given fund would otherwise have remained unfinanced or underfinanced. It was assessed based on the investment strategy of each fund, with consistency checks with the initial portfolio it has constructed, and analysis of comparables. While a deeper analysis on a smaller sample of funds is needed to refine the assessment of additionality thanks to the review of transaction-level data as well as counterfactuals, this report's methodology is targeting breadth, based on a set of simplified criteria that can be comparable across 175 funds and derived from their investment strategy:

- **The stage of agri-SME targeted by the fund:** funds investing earlier in the agri-SME lifecycle are considered more additional, as this is where financing gaps and barriers to financing are most acute. Early-stage enterprises and small growing businesses lack track record, collateral, and investment readiness, making them less accessible to conventional finance.
- **The fund's role in the investment dynamics:** in a space where some agri-SMEs are funded by several investors at once, the funds acting more often as lead investors in a round, whether equity or debt funds, demonstrate higher additionality, as they are responsible for sourcing, structuring, de-risking transactions, and attracting more investors. These are functions without which many transactions would not materialize.
- **The pioneering nature of the fund:** funds investing in underserved geographies or segments of agri-SMEs (for instance, sub-1m equity investments in the Horn of Africa, or sub-500k mezzanine debt in Tanzania) exhibit greater additionality, deploying capital where limited co-investment, higher perceived risk, and weaker ecosystems create persistent barriers..



²⁷ Dynamic enterprises/ventures and diversifying enterprises refer to firms operating with more established or traditional business models, displaying moderate growth potential.

²⁸ Niche ventures are innovative companies but targeting smaller or specialized markets, with limited scalability compared to high-growth ventures.

²⁹ Please refer to the methodology for more precisions of the scope of “additionality” covered in this report. Financial additionality is distinct from other forms of additionality that matter in this market including the non-financial support funds provide beyond capital, and impact additionality, which asks whether development outcomes would have occurred regardless of the investment. Assessing either would require deal-level data that falls outside the scope of this analysis.

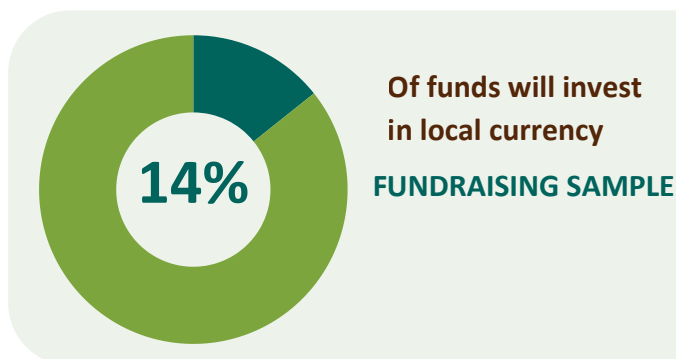
Nearly half the funds in the fundraising sample (47%) are high-additionality, as they score highest on at least two of the three criteria above. This is a major shift as only 28% of the fully-raised funds meet the same criteria. High additionality funds are predominantly smaller in size (71% have a fund size <\$50m) and write smaller cheques (with 51% making investments below \$500k). They are mostly made up of early-stage SME funds (47% of them), venture capital funds (37%) and debt funds (13%), and are overwhelmingly managed by first-time fund managers (95%). This reflects a genuine strategy of first-time managers to plug existing gaps: the new generation of agri-SME funds is not only adding volume to existing financing channels, but expanding the frontier of what gets financed.

There are few exceptions to the trade-off between additionality and scale; the most additional funds generally operate at a smaller scale, and larger funds with later-stage strategies (including debt investments and growth equity) remain the driving force behind the provision of capital and liquidity to the sector. While they may have more financing options overall, the agri-SMEs they fund still face acute funding gaps, especially for the patient and bespoke capital which can be the difference between success and failure.

Spotlight on Additionality research

While the analysis above points to a landscape that is increasingly additional based on intended strategy, more granular work is underway, led by the **Agri-SME Learning Collective** in collaboration with CSAF and FASA, assessing multiple dimensions of additionality across a smaller but deeper dataset of funds and intermediaries, drawing on transactional, portfolio and impact data among others.

The local currency gap: a structural constraint which remains hard to address for agri-SME funds



Although the fundraising landscape is expanding access to capital and broadening the range of financing options available to agri-SMEs, one critical gap remains: access to local currency financing. 86% of funds intend to invest predominately in hard currency, either USD or EUR. This is consistent with the fact that 94% of funds in the sample are themselves denominated in hard currency. The picture is broadly similar when looking at funds that have successfully raised in the past. Intentional local currency investing, beyond a small subset examined later, remains marginal in both samples. This caps the impact that the agri-SME fund market as a whole can achieve:

- First, when funds invest in hard currency, **the costs and risks of currency management trickle down to the agri-SMEs**, which must absorb conversion and hedging costs, and manage an additional layer of financial risk with conversion losses and volatile repayments.
- Second, and even more consequential for the market, **it shapes investor behavior and restricts the universe of agri-SMEs that access financing**. To reduce their exposure, funds tend to gravitate toward sectors with natural currency hedges, in particular export-facing SMEs, and neglect the ones that support local food systems which predominantly earn revenue in local currency.

Hedging through financial instruments offers no clear remedy yet. For most African currencies, hedging tools that could be adapted to agri-SME investments are either unavailable or prohibitively expensive.

In focus: Who are the funds intentionally investing in local currency?

A sub-set of **19 funds in the fundraising landscape are raising funds investing in local currency**. These funds are predominantly agri-focused generalist funds (83%), early-stage SME funds (65%), and small in size (83% target a fund size below \$50m). Most of them invest equity (65%) with open-ended fund models (70%), and most are single-country in scope (64%). Dissecting this sub-set uncovers three considerations to unlock local-currency investing:

1. Patient fund models and equity-like instruments: Open-ended structures allow funds to absorb currency volatility over longer periods, rather than being forced into fixed exit timelines. Combined with predominately equity and quasi-equity instruments, this provides upside participation instead of a capped contractual return, making it possible to compensate for FX risk over time with the upside generated by faster growth.

2. Funds embedded in their markets: Currency dynamics are highly context-specific, shaped by local macroeconomic conditions, policy decisions, and value chain structures. Locally anchored, single-country funds are better positioned to understand, price, and manage these risks. In order to invest in local currency, **those funds raise part or all of their own capital base from local investors** who are already exposed to domestic currency. This local capital enables them to address the currency mismatch. Their proximity also gives them a sharper read on local market dynamics including the quality of natural hedges of the agri-SMEs they back (such as import substitution and pricing power).

3. Dedicated grant-funded hedging mechanisms: A small number of pan-African debt or equity funds have developed mechanisms to manage risk directly, in particular by operating grant-funded FX facilities that can absorb currency risk on a deal-by-deal basis, or at fund level, thus enabling local currency investment across multiple African markets. While its impact remains to be seen, it does point to a replicable model.

A few aggregate insights can be drawn from the sample. When it comes to debt funds, the analysis is relatively straightforward: hard currency loans place FX risk squarely on the borrower, who must service the obligation regardless of local currency movements. **87% of debt funds in the sample invest in hard currency**, with only 13% providing local currency solutions.

For funds investing equity, the picture is more complex. Although they use various structures to mitigate currency risk and typically position themselves as hard currency investors (hence the data in this report), equity investors are in reality directly exposed to the performance of the underlying businesses, which means they carry more currency risk than debt investors, regardless of the currency of their investment. They can compensate that additional risk, by benefiting from investment upside; **although they position themselves as hard currency investors, in practice many equity investors include in their portfolio a few investments exposed to currency risk**.

While such analysis falls outside the scope of this first report, a deeper analysis of the distribution of currency risk at portfolio level is needed to assess the extent to which different categories of funds are exposed to local currency investments. Transaction-level data can show how best practices in deal structuring enable various categories of funds to invest in agri-SMEs that are exposed to local currencies. What is already clear, however, is that the predominance of hard currency shapes where capital flows; the headline positioning tends to reinforce a widely acknowledged trend within the ecosystem.³⁰

Recommendations for donors and ecosystem actors

The new generation of funds is positioning itself to plug some of the most enduring gaps in the agri-finance sector; they also face challenges that have direct implications for donor and ecosystem interventions:

Funders should balance capital mobilization objectives with additionality in order to expand the universe of agri-SMEs that receive capital

The additionality discussed throughout this section often addresses real market failures, and therefore comes with higher risk and costs, and weaker capital mobilisation potential. Too often, funders size the concessional capital they bring to their target mobilisation ratio. For their interventions to go beyond fund-level outcomes and maximise market-building, donors should adopt a balanced approach between additionality and capital mobilization ratios. This requires frameworks and highlights the importance of work done by the Agri SME Learning Collective and GDPRD.

Funders can address fund economics more intentionally

The funds deploying smaller ticket sizes geared toward early-stage agri-SMEs are predominantly smaller funds (less than \$50m). While their additionality and impact potential is strong, they generate higher relative transaction costs which cap their capital mobilisation potential. Those constraints can be addressed through dedicated funding to cover operational expenses (to enable a fund manager to achieve more value creation and impact) and pre-investment technical assistance (to bring more early-stage opportunities to an investable level). Additional research is needed on the capital and impact efficiency of such interventions, which are anecdotally transformative for agri-SME funds.

Unlock local-currency investing by targeting complementary ends of the market

On the one hand, early-stage generalist funds with a strong local footing are best positioned to organically deploy in local currency, but they struggle to raise capital. On the other hand, larger pan-African funds have the scale and capital base to deploy meaningfully in local currency, but the FX risk makes it too risky without dedicated support. Junior tranches for the first group, and FX hedging facilities for the second can build an ecosystem better tuned to the needs of African food systems.

³⁰ Horrocks, P., C. Marshall, C. Thomas, T. Venon, D. Portmann and W. Okuwobi (2025), "Unlocking local currency financing in emerging markets and developing economies: What role can donors, development finance institutions and multilateral development banks play?", *OECD Development Co-operation Working Papers*, No. 117, OECD Publishing, Paris



Citrine © Atchioua Photography (2020)

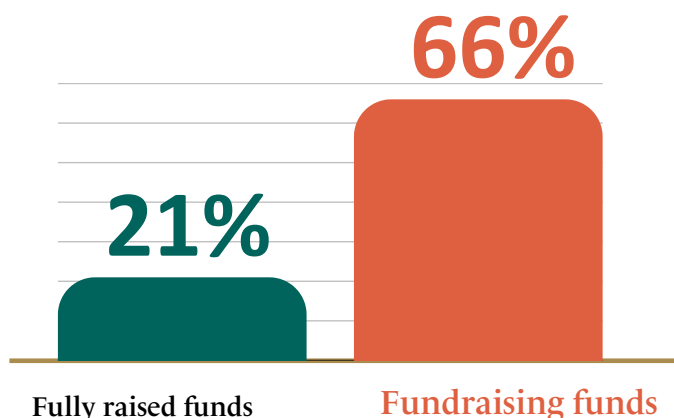
Insight 2: New funds are increasingly targeting frontier and underserved markets, distributing agri-SME investments across a wider geography

When investing in Africa, the story is often one of four countries, Nigeria, Kenya, Egypt, and South Africa, with the rest of the continent remaining underserved. The fact that these hubs benefit from a broader investor base and more mature ecosystems is well documented³¹. AgFunder³² reports that in 2022, Nigeria (25%), Egypt (24%), Kenya (21%), and South Africa (9%) together accounted for 79% of ag-tech investment. Fully raised funds investing in agriculture reflect this concentration, as the majority are large pan-African and global vehicles (62% of the sample), many of which operate from international hubs outside the continent, sometimes with an African office in a major hub such as Kenya. This leads them to deploy most of their capital towards the more established markets that offer more market depth and scale, a more investment-ready pipeline of SMEs that can absorb their ticket sizes, and lower costs to market entry.

The new generation of funds currently raising, however, show a very different picture. While the Big 4 markets remain widely targeted, **a large majority of funds in fundraising (65% of the fundraising sample) include targeted exposure to Least Developed Countries** and extend their reach beyond traditional hubs. This is made possible by fund managers who are increasingly Africa-based (66% of fundraising funds are Africa-based teams).

LOCALISATION OF FUND TEAMS

% of Africa-based teams ³³



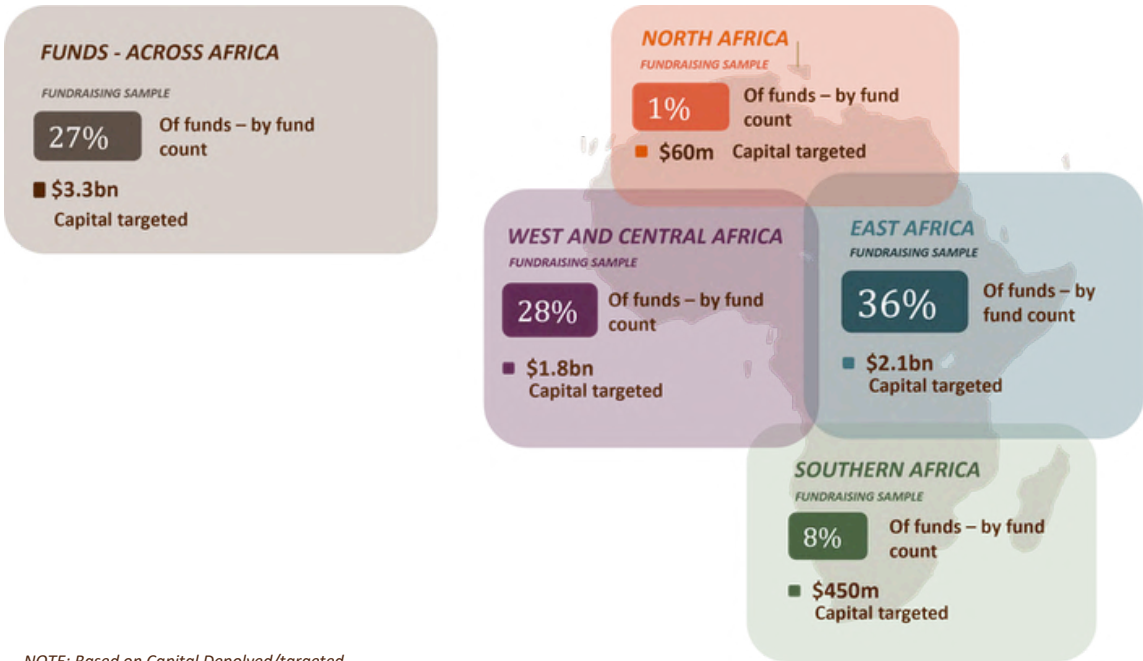
New funds are also more likely to adopt single-country or regional strategies (53% vs. 38% for fully raised funds), rather than a pan-African or global lens which tend to revert naturally to the deepest markets.

³¹ AVCA. 2026. 2025 African Private Capital Activity Report; AVCA. 2026. 2025 Venture Capital in Africa Report.

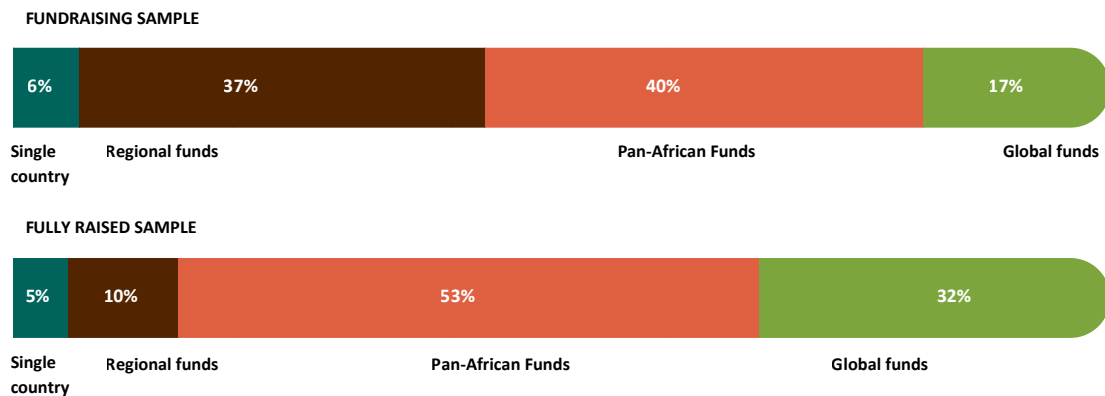
³² AgFunder. 2024. Africa AgriFoodTech Investment Report

³³ "Africa-based team" refers to a team entirely headquartered and operating from within the African continent. "Mixed" refers to teams with a presence both in Africa and internationally.

FOCUS OF THE FUNDS - BY REGION



GEOGRAPHIC FOCUS OF THE FUNDS



NOTE: Based on Capital Deployed/targeted

³⁴ The map illustrates the regional distribution of investment focus within the sample. Certain global funds that may in practice concentrate their investments in a single region are accordingly included in the percentages attributed to that region.

A key driver of this shift lies in the underlying investment model discussed in **Insight #1**: first-time fund managers targeting smaller investment ticket sizes and earlier-stage SMEs, by necessity, require greater proximity to the companies they support. This proximity actively contributes to ecosystem building, and impact that extends beyond individual investments into agri-SMEs:

- **Local capital mobilisation and advocacy:** They are best positioned to raise local capital from pension funds, corporate and high-net-worth investors; in doing so they unlock new pools of capital for agriculture finance. They also often take a key role in mobilising the support of public stakeholders and influencing policy reform.
- **Building talent:** Locally anchored fund managers build in-country teams in markets where talent is often scarce, creating a pipeline of future investment professionals and ecosystem leaders. Today's agri-SME fund Analyst can become tomorrow's Portfolio manager in a local pension fund.
- **Support infrastructure:** They engage closely with incubators, accelerators, and support organisations, contributing to ecosystem-building programmes and helping structure a pipeline of investable businesses (more on this in **Insight #4**).

Recommendations for donors and ecosystem actors

While Africa-based fund managers who cover underserved markets generate market-building impact well beyond the capital they deploy, they are also a highly fragmented group which is more challenging to serve for donors. Interventions can evolve to unlock this opportunity:

Improving the granularity of funding interventions

Funders need deep context and networks to back smaller-sized, distributed fund managers, which make the bulk of the fundraising landscape. They can gain it via intermediaries such as funds-of-funds with strategies to back smaller-sized and regional funds (**see Insight #5**), or by developing an intentional mandate on a specific region or set of countries (ex: DFI-led Africa Resilience Investment Accelerator-ARIA).

Investing in developing talent

Localisation comes with thinner talent pools. While initiatives such as CFA societies, fellowships and accelerator programs for new fund managers are helping expand the talent pipeline, more targeted support is needed, particularly OPEX funding and technical assistance at the fund level to absorb training costs and build in-house investment capacity.

Balancing risk and deployment concerns with the market-building imperative

Investing in underserved markets typically involves backing first-time managers, often with limited track records, a longer time-to-market and higher risk profile. Funders can adapt their approach to ensure that they play this market-building role, for instance when setting selection criteria for fund managers, sizing their funding amount and fund-level leverage expectations.



Insight 3: New funds are reaching a wide range of impact by addressing food security, climate and gender in addition to smallholder livelihoods

Agri-SME funds invest in a **diversity of impact themes across smallholder livelihoods, climate resilience, gender, food security and nutrition**. These shape the composition of their portfolio, their fundraising strategy and fund structure³⁵. There are important differences in how deeply these themes are embedded and as a result which agri-SMEs receive capital.



Improving livelihoods is embedded in most funds, but can be better implemented

Improved livelihoods is the most consistently represented impact theme, with 65 funds (56% of the sample) positioning this theme as central to their thesis, rising to 63% on a capital-weighted basis. In practice, this can be both a deliberate strategic choice, or a feature of an agri-SME focused investment strategy. Aggregators, processors, and input distributors, the core of the agri-SME universe, are largely embedded in rural economies by definition.



They create non-farm employment, source from smallholder farmers, provide training and certification support, and connect producers to higher-value markets. **Livelihood impact is therefore apparent across both agri-specialist and agri-focused generalist funds**, and across funds of all sizes.

What varies is how rigorously livelihood outcomes are measured, and the extent to which funds seek to maximise these outcomes as part of their impact framework. Some funds explicitly design strategies around not only generating farmer incomes and rural employment, but deliberately increasing income through yield enhancement and better prices, improving the sustainability of this income over time through stable contracts, extension services and value chain organisation, its distribution across gender and farmer archetypes, etc. **This requires a highly intentional strategy, but also a strong measurement capacity which some agri-SME funds do not possess.**

³⁵ Impact considerations mentioned throughout this section can reflect intended impact or impact positioning for the funds that are currently fundraising and have not yet reached a first close nor deployed capital. However, the fact that nearly half have reached first-close and have started deploying provides a good level of reliability into the general trends identified.

Case study: Yield Fund's investment in Pura commercialized Uganda's cassava production



©Yield Fund

Pura Agro Tech Limited

Investment Fund: Yield Fund

Ticket Size: \$2.5M

Instrument: Equity + Debt

Impact Theme: Food security & Nutrition

Geography: Uganda

Commercializing Cassava Through Smallholder Integration

Problem & opportunity for impact

Smallholder cassava farmers in Uganda face significant production and post-harvest losses, driven by low-yielding and disease-prone varieties, limited access to improved agronomic and post-harvest practices, and a lack of reliable markets. Despite being Africa's 11th largest cassava producer, the sector remains largely subsistence-based, constraining productivity and growth of the value chain

Solution brought by the company

Pura Organic Agro Tech Limited ("Pura") is a Uganda-based agro-processing company that operates across the cassava value chain. It has built a network of more than 1K smallholder farmers, providing them with a reliable market for their cassava roots, which it processes into products for both food and industrial use. This reduces post-harvest losses, stabilises supply, and improves farmer incomes.

How accessing capital increases impact?

Yield Fund invested \$2.5M (equity and debt) in Pura to enhance the company's production capacity and supply chain, unlocking the unexploited regional market for cassava products. Cassava's ability to grow in dryland areas, combined with Pura's first-of-its-kind smallholder-outgrower model, offered a scalable pathway to industrial use.

Pura
Aaro Tech Ltd

Recommendations for donors and ecosystem actors:

The fundraising landscape shows strong adoption of livelihoods considerations across fund strategies, sizes and approaches. This provides donors and ecosystem actors a unique opportunity to build on this momentum by:

Supporting fund managers to push livelihood integration beyond "job-counting" and "farmers supported"

While the livelihood theme appears widely adopted across the landscape, there is an opportunity to improve the robustness of impact measurement through more rigorous frameworks and more thorough indicators such as tracking income increase, nature of contracts, resilience built via the provision of services, etc. Pushing this boundary should however come with dedicated resources (fund-manager TA, opex support) especially for the smaller funds (less than \$50m in size) that make the majority of the landscape.

Considering ecosystem-wide assessments of the impact of agri-SME funds on livelihoods

This widespread adoption offers a rare opportunity for research to address a large sample of funds and agri-SMEs on topics of farmer income, non-farm job creation and job quality, compare the performance of various categories of funds, and identify key success factors for funders to improve livelihoods impact.

³⁶ For the purpose of this report a focus on broad climate considerations was taken. This is different than the more targeted focus of FASA which focuses on "climate-smart agricultural value chains"

Climate is increasingly central for agri-SME funds; adaptation can be better mainstreamed

Climate is the second-most prominent impact theme³⁶ across the fundraising landscape, with 63 funds (54% of funds) and 69% of the capital (close to \$4bn) putting climate at the core of their strategy. In agricultural systems, **climate adaptation is no longer an adjacent theme but a defining investment constraint** and impact opportunity shaping productivity, risk, and ultimately the viability of business models assessed.



As such the integration of climate adaptation in agri-SME investment is increasingly seen as a necessity. In practice, **54% of climate-focused funds³⁷ emphasise adaptation alone, and 42% combine adaptation with mitigation**, making climate adaptation the core area of focus for the majority of funds.

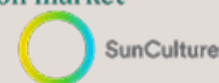
The dominance of adaptation reflects the immediate exposure of African agri-SMEs to climate variability leading to erratic rainfall, temperature shifts, desertification and frequent shocks. Many funds prioritise investments in agri-SMEs that support farmers and value chain actors to manage climate variability, such as irrigation solutions, climate-resilient inputs, and extension services geared to resilient agricultural practices.

Case study: SunCulture attracted commercial funding at scale for a new climate adaptation market



@Sunculture

Solar-powered irrigation for smallholders



Problem & opportunity for impact

Smallholder farmers across East Africa depend on rain-fed agriculture, leaving them vulnerable to drought and climate variability. Diesel irrigation pumps are expensive and polluting. Solar irrigation technology exists but requires significant capital to manufacture, distribute, and finance at scale across rural markets with limited infrastructure.

Solution brought by the company

SunCulture designs, assembles, and distributes solar-powered water pumps for smallholder farmers, enabled by its PAY-As-You-Grow financing platform. Since 2020, ARAF has invested **USD 7.3M** across equity and mezzanine instruments. This layered investment supported SunCulture in attracting carbon-linked and climate-aligned financing from BII - USD 4M. Subsequently, SunCulture raised **USD 27.5M** in Series B funding to support growth and product development.

How accessing capital increases impact?

With ~60,000+ farmers equipped and 50% market share in East Africa, SunCulture delivers large-scale impact: crop yields up 300%, farmer incomes multiplied up to 5x, 2.9 tCO₂ saved per pump/year, and 96% of farmers reporting improved quality of life. ARAF's flexible instruments helped de-risk the company and set it up for scale.

SunCulture

Investment Fund: ARAF
Ticket Size: \$7.3M
Instrument: Equity + Mezzanine
Impact Theme: Climate-Smart Agriculture Value Chain
Geography: Kenya and Uganda

Others integrate both adaptation and mitigation objectives, for instance by reducing post-harvest losses through solar powered cold-storage or improving resource efficiency across value chains.

The growing prominence of climate across fund strategies also raises important questions around depth and credibility. While climate is widely referenced, **the frameworks, tools, and metrics required to integrate it in a rigorous and measurable way, particularly for adaptation, remain underdeveloped**. This creates a risk of "climate signalling," where climate is embedded at a strategic level but not consistently translated into investment decisions, portfolio management, or reliably measured outcomes. This challenge is especially acute for adaptation, where impact is harder to define, quantify, and attribute compared to mitigation.

³⁷ Please refer to the methodology. In this case, we define "climate focused funds" as funds with a score of 2 on climate.

Recommendations for donors and ecosystem actors:

For donors, this represents a critical opportunity to help move the market from intention to execution.

Supporting the development and adoption of robust climate adaptation frameworks tailored to agri-SME investments.

The lack of familiarity with and access to widely accepted climate adaptation frameworks is regularly identified by both funders and fund managers as a key constraint in mobilising climate finance for agri-SMEs. The importance of climate adaptation for African food systems warrants more robust tools that can bridge this gap, with the appropriate support to both funders and fund managers to implement them.

Funding technical assistance to help agri-SME fund managers integrate climate risk

By assessing risk over the investment period and identifying key mitigation actions (such as more resilient farming practices), agri-SMEs can implement with the right support.

Investing concessional capital to de-risk funds investing in climate adaptation

As agri-SMEs models often involve high-risk products, business model innovations and early-stage validation (in particular the development of new markets for products and services where capacity to pay is still uncertain), concessional capital can play a key de-risking role.



Indian Ocean Trepang © Joan Bardeletti (2015)

Food security has historically been the hardest impact theme to address; many new funds are now positioned to achieve it

Investing in food security cannot be an organic feature of an agri-SME focused investment strategy or an afterthought; instead it requires a deliberate focus on what is produced, for whom, and how it reaches local markets. In practice, this translates into two imperatives.



- In terms of investment selection, **targeting food security means deliberately targeting only a sub-segment of agri-SMEs where investment risk is often much higher**: businesses embedded in local and regional food value chains such as processors of staple crops, input providers improving yields, storage and logistics solutions reducing post-harvest losses, or distribution models improving access to affordable and nutritious food. These agri-SMEs earn in local currency, from often highly price-sensitive consumers; they struggle to borrow in hard currency. With 85% of the funds in the fundraising sample targeting predominantly hard currency investments, the misalignment is deep.
- Operationally, **funds with a strong focus on food security are expected to track additional outcome-oriented indicators**, such as volumes of food produced or distributed, improvements in availability and affordability of key food products, reductions in food loss, information on end-customers reached, or even contributions to nutrition outcomes. These metrics are inherently complex and time-intensive to measure, especially in the context of agri-SMEs with limited data generation capacity. For an agri-SME fund, committing to tracking these generates high costs that they most often cannot afford.

The assessment of the fundraising landscape reflects this double challenge. A majority of funds (68%) demonstrate awareness or partial integration of food security considerations, but do not fully translate it into investment and measurement policies. **Only 23 funds (19% of the sample) reliably position food security as a core pillar of their strategy**;

- 74% are Agri-specialist funds, with a clear food security focus from inception, and including pan-African funds with concessional funding (such as the Nutritious Foods Financing Facility (N3F) and ABC Fund), as well as smaller regional funds (such as NEPER Seed and Mango Fund)
- 43% invest in local currency (sometimes alongside hard currency)

Case study: Victory Farms, raised multiple rounds of funding to build the fish value chain



© Victory Farms

East Africa's largest aquaculture company



Problem & opportunity for impact

Africa's aquaculture sector faces a massive financing gap. Fish farmers struggle to access growth capital, limiting their ability to scale production and meet rising protein demand. In Kenya alone, over 80% of fish is imported despite abundant freshwater resources. Unlocking the aquaculture value chain requires patient capital willing to support companies through multiple growth stages.

Solution brought by the company

Victory Farms built a vertically integrated operation spanning breeding, processing, and last-mile delivery across 89 branches in East Africa. Producing over **23,000** tons of tilapia annually, the company supplies over **15,000** fish sellers, equipping them with business training, loyalty-based asset programs, and over **3,000** stock credit loans to stabilise cash flow.

How accessing capital increases impact?

ARAF's USD 5.3M equity, part of a Series A round lead by Creadev, and follow on \$1.25MM convertible investment, allowed the company to scale its state-of-the-art tilapia production facility in Kenya from 10K MT to 20K MT, launch a 20MT production facility in Rwanda and unlock USD 15M in debt provided by AgDevCo, illustrating how catalytic early-stage capital crowds in commercial financing. Now expanding into Rwanda and serving millions with affordable protein, the company proves that patient agri-SME investment can scale into a regional food security impact.

Victory Farms

Investment Fund : Multiple funds

Ticket Size: \$5.3M

Instrument: Preference Shares

Impact Theme: Food Security & Nutrition

Geography: East Africa. Kenya, expanding into Rwanda and targeting Tanzania

Importantly, this report's research is based on the positioning of impact strategies and probably undercounts the impact of many agri-SME funds on food security³⁸. The challenges with tracking food security outcomes means that many funds do not position their impact thesis explicitly on food security, even though they achieve it in practice. For example, Capital in Burkina Faso invests equity in local currency at very early stages, with 50% of its portfolio in agri-SMEs that contribute directly to food security. However, according to this report's scoring framework (see methodology and Appendix I), the fund scores only a 1 (awareness but not core) because its stated thesis emphasises livelihoods rather than food security. This fund is doing the work but not claiming the label. This mismatch is likely not unique to Capital: **food security is more demanding to articulate as a thesis and commit to than livelihoods.**

Overall, while food security's importance is widely acknowledged, translating this intent into targeted investment strategies with explicit positioning, aligned financial structures, and robust measurement frameworks remains a key frontier for the sector.

Recommendations for donors and ecosystem actors:

Addressing this gap will require more deliberate and targeted support from donors:

Enabling more local currency investing is critical for agri-SME funds to support domestic food systems meaningfully (also see Insight #2).

This can be achieved first by increasing funding and support to funds that mobilise more local capital and raise in local currency; it can also be done by providing concessional capital and de-risking mechanisms to hard-currency funds.

Disseminating frameworks around food security as an investment theme.

Much like climate and gender, operationalising food security requires the development and adoption of a "lens". The Nutrinvest tool developed by GAIN is a good example of such a framework³⁹.

Unlocking resources to equip agri-SME fund managers to apply a food security lens in practice.

In particular when it comes to impact measurement, with dedicated funding for the evaluation of food security and nutrition outcomes, but also across the investment cycle.

Without these interventions, food security in Africa risks remaining a widely acknowledged priority that is insufficiently translated into investment strategies.

³⁸ This is an issue across all impact and strategic positioning. Fund managers may oversell certain positions which are hard to implement in practice. However, in the case of food security, it seems like it is often a case of "underselling" which is why it is brought here.

Gender is unevenly integrated by agri-SME funds and remains a major progress area

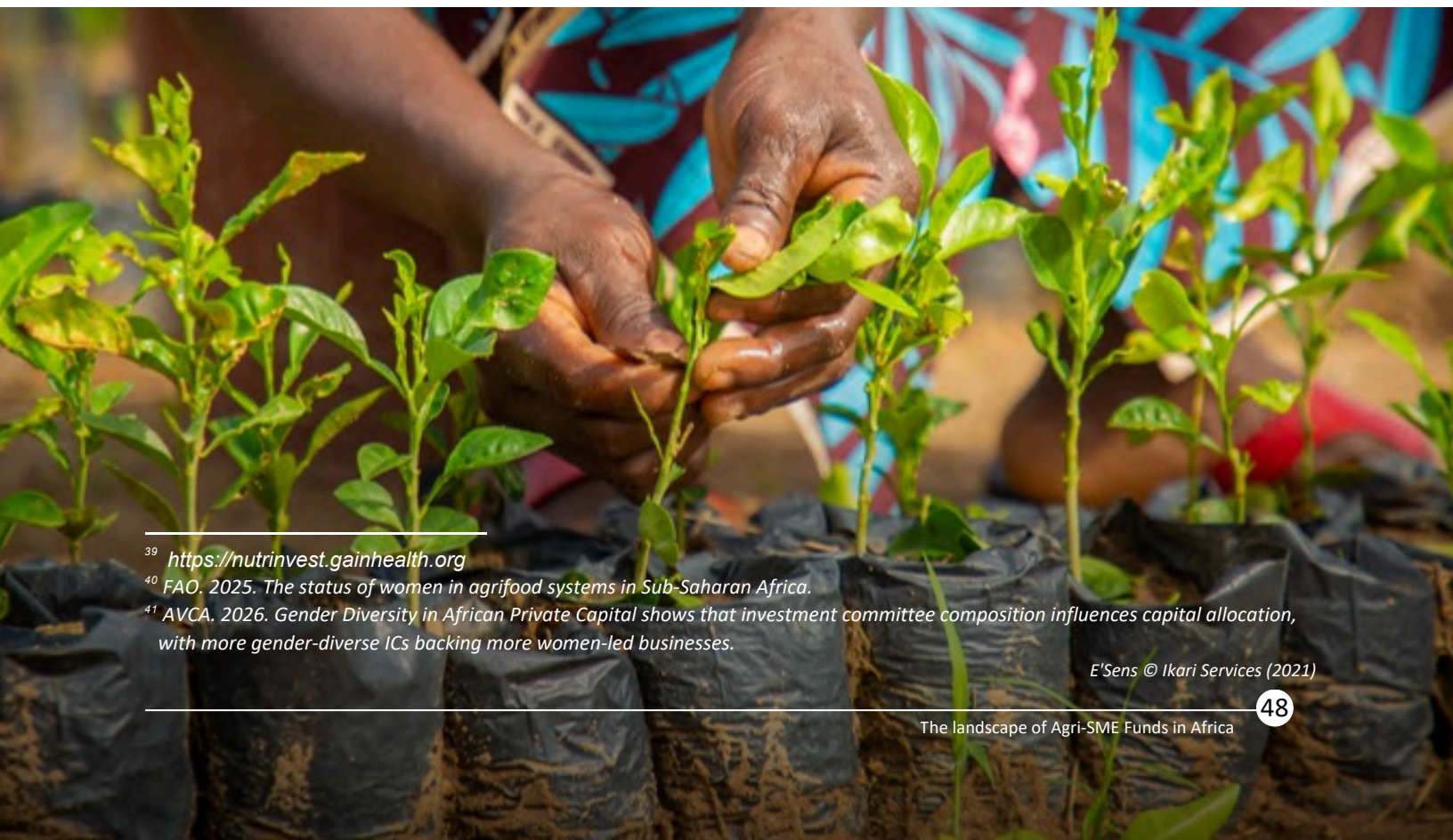


76% of African women work in agriculture, and they represent 49% of the workforce in food systems in Sub-Saharan Africa; women are often acknowledged as key agents of change toward greater climate resilience in the agriculture sector⁴⁰. Gender is becoming more widely integrated: 41 funds (35% of the sample) place gender at the core of their impact thesis and are positioned as gender-smart, while a further 51 are positioned as gender-aware.

Nevertheless, **gender integration varies between categories of agri-SME funds:**

- **Gender-smart funds are disproportionately agri-focused generalist funds**, with 80% of gender-smart funds being agri-focused generalist funds, and only a minority being agri-specific funds. Gender-lens scores decline with increasing specialization in the agriculture sector, a pattern observed across all asset classes and fund sizes. This is a concerning finding, since agri-specific funds deploy the bulk of capital to agri-SMEs, and tend to mobilise more technical assistance which can support the integration of gender considerations.
- **Gender-smart funds are disproportionately smaller-sized funds raised by gender-diverse teams**; only 18% of large funds (above \$100m in size) are positioned as gender-smart, although they are raising 43% of the sample's capital. Research consistently shows that funds led by gender-diverse teams are more likely to integrate gender systematically.⁴¹ Our data points in a similar direction: among gender-smart funds, 49% are led by women-led teams and 19% by gender-diverse teams.

The combination of these findings is that **the bulk of capital going to agri-SMEs (larger funds, agri-specific) is not invested by gender-smart fund managers**. Going deeper into the organisation, governance, processes and portfolio of these funds falls outside of the scope of this report, but would help refine the progress areas that can be prioritised, for these funds to integrate gender further, alongside standards such as the 2X Challenge.⁴²



³⁹ <https://nutrinvest.gainhealth.org>

⁴⁰ FAO. 2025. *The status of women in agrifood systems in Sub-Saharan Africa*.

⁴¹ AVCA. 2026. *Gender Diversity in African Private Capital shows that investment committee composition influences capital allocation, with more gender-diverse ICs backing more women-led businesses*.

Recommendations for donors and ecosystem actors:

Establishing the framing of gender as core to agri-SME investing

In a sector like agriculture where women are so highly represented both as entrepreneurs and in the workforce, both as suppliers of raw materials and as end customers, deeper gender integration is not an optional thematic lens but a core driver of impact and performance; this could be further reflected in larger funds and agri-specific funds.

Supporting gender-integration for smaller agri-SME funds

Integrating gender-smart frameworks can sometimes be operationally complex especially for smaller funds. Funders can help teams translate intent into investment processes by increasing funding for technical assistance, measurement frameworks, and qualitative gender expertise at the fund manager level.⁴³

Addressing team composition and decision-making dynamics

Evidence consistently shows that team composition influences investment priorities. Donors can support the rise of a more gender-diverse investment ecosystem with a combination of talent development, incentives and requirements.

CIFOP ©Tévin Lima-Agence Fènt (2023)

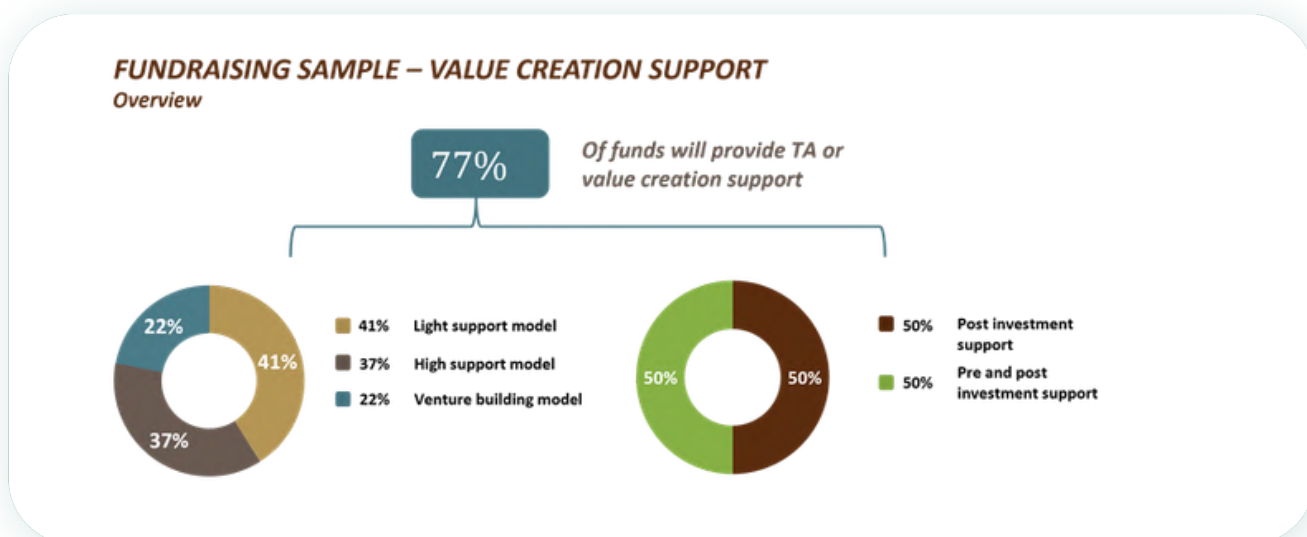
⁴² 2X Criteria is the global industry standard for assessing and structuring investments that provide women with leadership opportunities, quality employment, finance, enterprise support, and products and services that enhance economic participation and access.

⁴³ To learn more about how Blended Finance can support better integration of climate and gender in their impact strategies, you can refer to our latest study: I&P. Convergence. CPI. 2026. Transformative Capital: The Role of Blended Finance in shaping the trajectories of gender- and climate focused Impact Funds in Sub-Saharan Africa.

Insight 4: Technical assistance and value creation have become ubiquitous success factors for a new generation of funds who must manage the costs of their additionality

The previous sections point to a significant expansion of the agri-SMEs supported by the funds in the fundraising landscape, thanks to their increased focus on earlier-stage companies, smaller ticket sizes (**Insight #1**) and underserved markets (**Insight #2**). This higher additionality creates challenges, which can be partly addressed by higher-touch technical assistance (TA) strategies.

Before digging deeper into strategies, delivery models, and implications for donors and ecosystem actors, it is worth noting that TA is a defining feature of the fundraising landscape, with **77% of funds developing deliberate TA strategies**.



This widespread adoption reflects the reality that the obstacles to the growth of agri-SMEs include not only access to capital, but also governance and financial management, access to talent, as well as many constraints specific to the agricultural sector: formalizing supply chains, developing industrial quality control processes for food products, certifying produce for export, etc. In this context, **TA is necessary to manage risk, enable businesses to become investable, grow, and deliver impact**.

Fund managers actively work with agri-SMEs to improve and formalise operations, improve financial management and governance, develop growth strategies, implement impact monitoring systems, and support the adoption of more resilient agricultural practices, among a wide range of interventions. These ongoing activities are often delivered by the fund manager teams themselves, as part of value creation, and complemented by external targeted support (certification, marketing plan, etc.) funded via grants with technical assistance facilities.

While the precise impact of these activities is difficult to isolate and falls outside the scope of this report, existing evidence points to meaningful outcomes. For instance, the *Building a Sustainable Technical Assistance Market for Agri-SMEs: 2026 Learning Brief* by Aceli Africa highlights improvements across revenue growth, default reduction, job creation, and the delivery of broader impact objectives when implemented by banks and NBFIs.

Crucially, **what makes the fund model powerful is that TA is delivered alongside capital, creating aligned financial incentives for effectiveness.** Unlike standalone enterprise support programmes, fund managers are directly invested in the performance of the businesses they support; the success of their fund is often directly tied to the value they help create and the de-risking they can achieve. As noted by Aceli Africa, this "skin in the game" dynamic increases the likelihood that TA is geared towards tangible business outcomes rather than activities alone.

With the rationale for TA established, the question turns to how it is actually structured and delivered. To address this, two dimensions were assessed: the intensity of the models used, and the timing of support within the investment cycle.

1) Fund managers adopt more hands-on TA models

Across the landscape, TA models vary significantly in how deeply funds engage with their portfolio companies. At one end, **light-touch models** see TA delivered without dedicated resources, typically focused on basic operational improvements such as financial reporting, governance, and formalisation, with high constraints to bandwidth. At the other end, **high-touch models** deploy dedicated internal teams or external specialists, often under a systematic approach, and can extend to venture studio models where funds co-build agri-SMEs from inception.

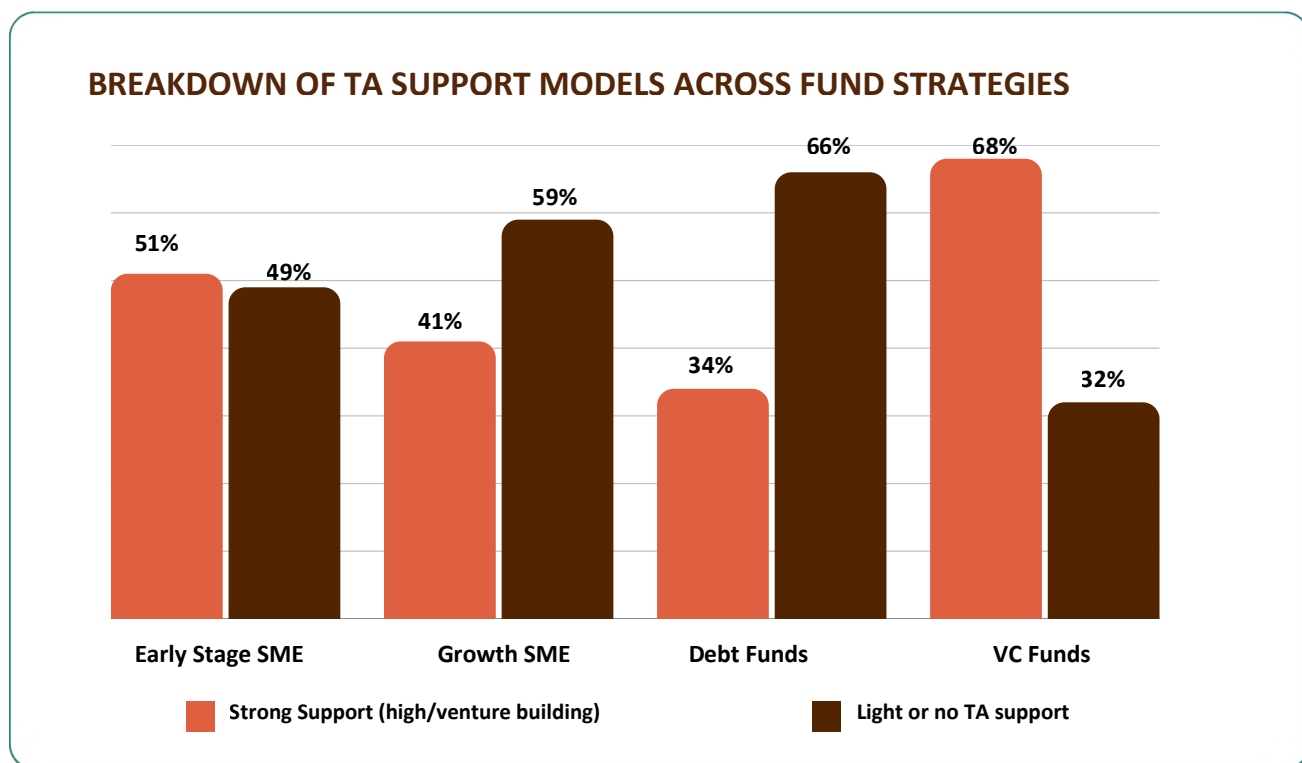
Spotlight: Venture building model (Venture studios and Venture builders)

Venture studios and venture builders are terms often used interchangeably; they typically act as institutional co-founders that support companies from ideation to scaling by deploying shared resources and funding alongside entrepreneurs. They have a team of operators that build multiple companies from the ground up, and take significant equity stakes in companies they build as long-term partners.

While some back existing entrepreneurs at their ideation stage, others act as a startup factory which develops new businesses from scratch using internally generated ideas, relying on its own internal teams and resources to execute every stage of development without accepting outside applications or investing in external startups.

59% of funds have adopted high-touch TA models or venture building. This is most pronounced among early-stage and VC funds (see graph below), who not only need to derisk their portfolio, but also to achieve high growth rates that require transformative change in the underlying SMEs.

59% of funds have adopted high-touch TA models or venture building. This is most pronounced among early-stage and VC funds (see graph below), who not only need to derisk their portfolio, but also to achieve high growth rates that require transformative change in the underlying SMEs.



2) Pre-investment TA is increasingly integrated

Post-investment TA is the foundation of the model: it consists of the sustained engagement through which fund managers strengthen governance, improve financial reporting, develop growth strategies, and support the operational changes that make portfolio companies more resilient and more valuable. It is present across virtually the entire landscape.

What is newer is the extension of this logic upstream. **48% of funds now combine post-investment support with pre-investment engagement.** Pre-investment support plays a pipeline-building function: it converts businesses that would fail a standard investment screen into businesses that can pass it, addressing risks and gaps proactively before capital is deployed. It plays a major role in helping agri-SMEs absorb capital and this approach is most prevalent among VC funds, early-stage SME funds, and smaller debt vehicles, where the gap between SME reality and investability is greatest and for whom providing this support is existential.

The tension: ambition without resources and the market failure of “investment-readiness”

High-touch and earlier-stage TA is inherently more expensive, **yet the funds most likely to deploy it are also the ones operating under the greatest resource constraints**. Early-stage funds, VCs and smaller debt vehicles, precisely those driving the expansion of the landscape described in **Insight #2** and **Insight #3**, tend to have the least TA capital to work with.

While specific data on TA allocation is not widely available within the scope of this study, previous research covering gender- and climate-funds⁴⁴ point to a paradox in the funding ecosystem, where the funds for which TA is most critical tend to receive the least of it in absolute terms, as **TA sizing is often determined as a percentage of fund size**. Because they are smaller-sized, the funds that are going earliest, reaching the most underserved businesses, operating in the thinnest markets, are the ones with the least resources to do it effectively, when compared to the number of SMEs they support.

Recommendations for donors and ecosystem actors

Decoupling TA sizing from fund size

The current pattern, where TA envelopes are a function of fund size, does not reflect where TA has the greatest impact. Donors should establish minimum viable TA facilities for early-stage and smaller funds that reflect the actual cost of hands-on, pre-investment and post-investment engagement, rather than defaulting to a proportional allocation.

Explicitly funding pre-investment TA and agri-specific TA

Pre-investment TA can be provided to funds for whom bridging the investment readiness gap is critical, as it yields considerable positive externalities and enables additional investment strategies. Similarly, funders can improve the effectiveness of agri-specific TA programs by enabling both agri-specific funds and agri-focused generalist funds to deliver it, alongside capital.

Increasing the efficiency and simplicity of TA delivery for agri-SMEs,

by harmonizing procurement conditions and scaling TA platforms such as the Smallholder Safety Net Up-scaling Programme (SSNUP)⁴⁵, which has developed a multi-donor TA facility that is specific to agri-SMEs.

⁴⁴ I&P. *Convergence*. CPI. 2026. *Transformative Capital: The Role of Blended Finance in shaping the trajectories of gender- and climate focused Impact Funds in Sub-Saharan Africa*.

⁴⁵ <https://adaimpact.lu/en/ssnup>



Phileol © Zen Design (2013)

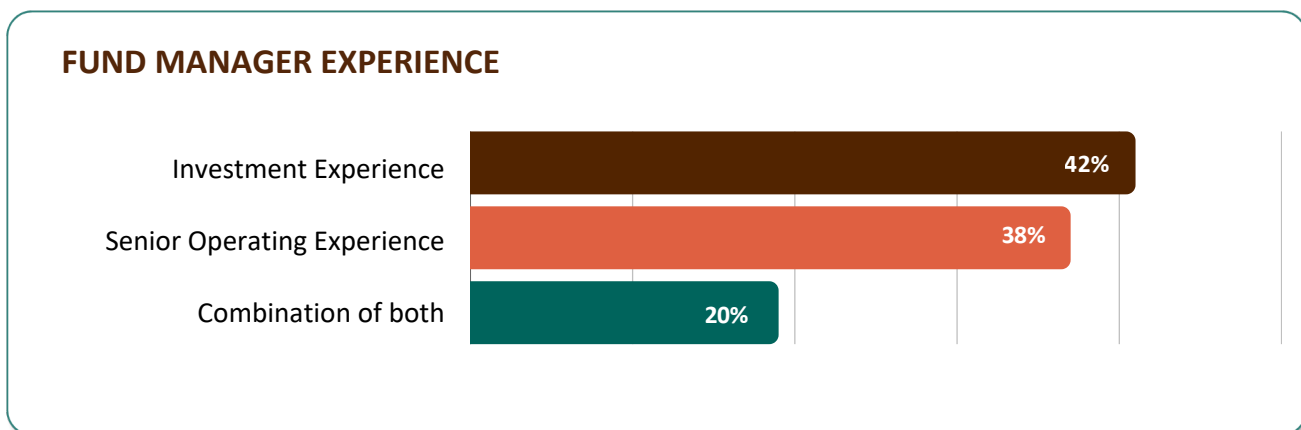
Insight 5: Funders can turn this opportunity into reality, by addressing the main funding gaps faced by agri-SME funds

The fundraising landscape represents a \$6bn opportunity driven by **the combination of a scale-up of established fund managers increasing the volume of capital for the market, and the rise of a new generation of fund managers pushing the boundaries of this market**, targeting earlier-stage enterprises, reaching underserved segments, and deploying more hands-on investment approaches. The question now is whether this opportunity, which depends on fundraising outcomes, can be realised.

The new generation of fund managers is more diverse and Africa-based, but also faces tougher fundraising odds

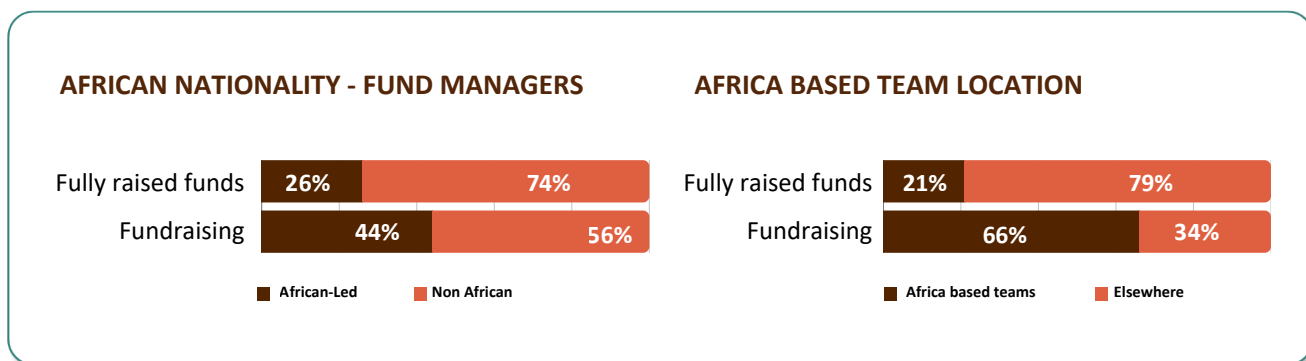
This landscape is defined by a dual dynamic. Existing fund managers, who are raising their second, third or fourth funds, represent 35% of funds but 54% of targeted capital; they double down on their focus on agri-investing and increase the volume of capital they deploy. In parallel, **first-time managers dominate in number**, accounting for 65% of funds, and represent nearly half of the targeted capital (with \$2.8bn); they raise smaller fund sizes and tend to take a generalist approach with strong agri-exposure.

These first-time managers are far from inexperienced. Although they are raising their first fund, they bring existing investment experience (42%) or senior operating experience with entrepreneurial backgrounds and agri-sector expertise (38%), and sometimes the combination of both (20%).



The new generation of funds is significantly more diverse and Africa-based⁴⁶ than the generation that preceded them. **While only 26% of fully raised funds were led by managers of African nationality, this rises to 44% in the current fundraising landscape.** A similar shift is visible in team location: **66% of new funds are Africa-based, compared to just 21% among fully raised ones;** and in gender representation, with funds raised by women increasing from just 9% of the sample of fully-raised funds to 32% of the sample of funds currently fundraising.

⁴⁶ "Africa-based team" refers to a team entirely headquartered and operating from within the African continent. "Mixed" refers to teams with a presence both in Africa and internationally.



The very characteristics that make this generation so relevant to the sector are also those that make it difficult to fundraise.

- **Agri-Specialist funds** build deep expertise in the sector, but their agri-focus increases their risk level, as well as the perception of this risk. Because they tend to raise large fund sizes, accessing DFI and institutional capital is necessary, which makes unlocking prior concessional capital a necessary gatekeeper to fundraising success.
- **First-time fund managers** may be more generalist in scope, but they raise smaller fund sizes with 68% of funds targeting below \$50m, combined with early-stage investment strategies, non-traditional track records, and lack of institutional networks. This excludes them from the standard allocation frameworks of most institutional LPs, including many DFIs. Industry data corroborates the scale of this constraint: across the SME funds sector, the majority of first-time fund managers fail to reach a viable fund size, and those that do often require up to four years to close⁴⁷. Of course, it is expected that not all first-time fund managers achieve their target fundraise, but very strong evidence shows that the barriers to first-time fund managers remain disproportionately high.

Translating this to the current landscape:

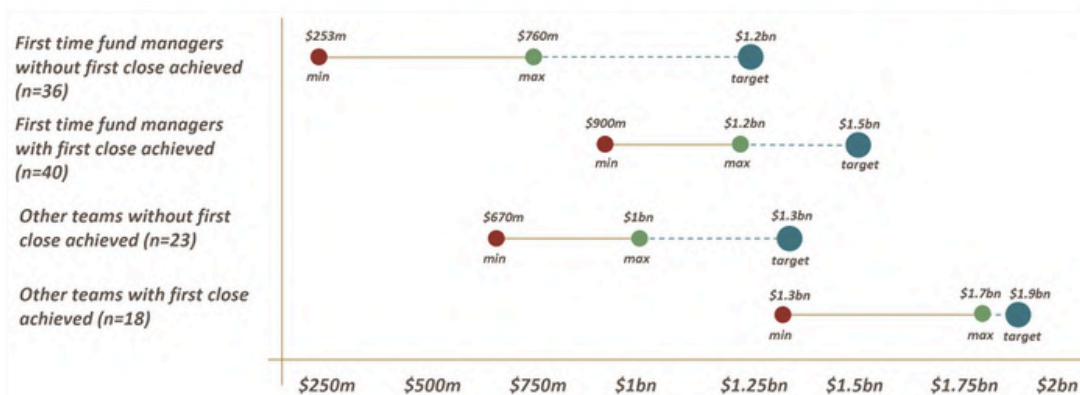
- The 41 fund managers raising their second, third or fourth fund in the fundraising sample are targeting to raise \$3.3bn collectively: **with 44% already having achieved first close, we estimate they will raise a total within the range of \$2.0bn to \$2.9bn.**
- The 76 first-time fund managers are targeting to raise \$2.8bn collectively, with 53% having already achieved first close. **As they face higher barriers to fundraise, we estimate that they will raise a total within the range of \$1.2bn to \$2.0bn.**

Of the nearly \$6bn being targeted across all funds currently fundraising, we estimate approximately \$4.6bn remains to be raised with a significant share concentrated among first-time fund managers. Out of this \$4.6bn that remains; we estimate a realistic number to ground between \$1.7bn and \$3.3bn. Out of the \$6bn landscape, and taking into account what has already been raised (first closes), we expect the space to reach between \$3.2bn and \$4.9bn in size.

⁴⁷ Argidius Foundation. I&P. 2025. How can African SME funds mobilise more capital? Data and lessons from pioneering LPs and GPs;

⁴⁸ Different probability-weighted ratios were applied depending on fund manager profiles and fundraising progress (including whether a first close had been achieved) to estimate the likely amounts that funds in the sample could raise.

FUNDRAISING SAMPLE –
expected capital to be raised by the fundraising sample; compared to their target fundraise



There is however a path to achieve this fundraise, and funders can deploy high-leverage interventions to fill the market gaps

While fundraising is a long and uncertain path, the data also shows that **once a fund secures an anchor investor or a meaningful first close, it is three times more likely to reach a viable fund size**⁴⁹. In many cases, unlocking the first-moving investors is the success factor for emerging fund managers, and unlocking sufficient concessional capital (for instance in the form of a junior tranche) is a key success factor for agri-specific funds.

A landscape that appears difficult to fund at first glance is, on closer inspection, **one that is ripe for catalytic interventions**. This provides a clear role for catalytic capital and concessional funders to, instead of crowding out private and commercial capital, provide the early commitments that reduce fundraising risk and draw in a broader set of investors via **anchor investments and concessional capital**.

The current fundraising environment is not conducive, as the two main historical sources of anchoring and de-risking capital for the sector face increased challenges:

- **Donor funding**, historically a critical source of concessional and catalytic capital for agri-specific funds and early-stage vehicles, is broadly under pressure.
- **DFIs** are prioritising a segment of the market with larger fund sizes and more commercial profiles: today, they only exceptionally provide capital to emerging fund managers, and reserve capital for agri-specific funds which have already secured considerable de-risking concessional capital.

Dedicated new vehicles have stepped in to help fill the gap, often partly funded by donors. Vehicles such as FASA (targeting \$250m, with \$86m already raised), FSDAi Nyala Facility, IPDEV and Ci-Gaba (\$75m target, with a first close of ~\$35m recently reached) are explicitly designed to support both established and emerging fund managers, with the capacity to anchor and/or de-risk funds, provide technical assistance and unlock other investors. Most of them are very active in the agriculture financing space, with FASA being focused on the agriculture sector.

⁴⁹ Argidius Foundation. I&P. 2025. *How can African SME funds mobilise more capital? Data and lessons from pioneering LPs and GPs*; I&P

Though their aggregate fund size will remain modest relative to the scale of the fundraising landscape, **they can have a highly catalytic effect in mobilising additional funding**. Once anchor and junior investors are mobilised, African private and institutional capital, family offices and foundations are able to complement the fundraising of sub-\$50m funds by investing their own resources⁵⁰; DFIs similarly become more willing to commit to large fund sizes once de-risked. Pension funds, development banks, corporate investors, and high-net-worth individuals across Africa hold significant pools of capital that are increasingly looking for domestic investment opportunities. Based on observed mobilization ratios, **catalytic funders would need to provide \$1,15bn in anchor and de-risking capital to unlock the rest (\$3.45bn)**⁵¹.

Recommendations for donors and ecosystem actors

Expanding and replicating catalytic intermediary vehicles with a focus on agri-SMEs.

Catalytic DFI facilities (ex: Boost Africa, FMO Market-Building platform) and independent funds-of-funds like FASA, FSDAi Nyala Facility, IPDEV and Ci-Gaba are proving the model but need to grow in scale and number to meet the need for catalytic capital identified for agri-SME funds (\$1,15bn). Funders could prioritise the scale-up and replication of these vehicles, by combining a pan-African approach with large-sized funds-of-funds and DFI vehicles, with a regional/national approach with regional or national funds-of-funds (such as ANAVA, which is raising more capital in Tunisia⁵²). In order to ensure their capital goes to agri-SMEs, funders can attach conditions to the capital provided, and combine it with agri-specific TA. This requires, both at fund and fund-of-funds level, to move from an approach of solely backing agri-specific funds, to a wider approach that includes incentivizing agri-focused generalists to deploy more capital to agri-SMEs.

Investing in LP mobilisation and coordination.

Unlocking African capital and new pools of foreign capital requires the development of standardised frameworks, co-investment structures, and peer learning platforms that enable new LPs such as pension funds, corporates, and other domestic investors to engage with fund vehicles confidently and efficiently, as well as international family offices and foundations to increase their allocations. LP communities (e.g. Toniic; African Venture Philanthropy Association; LP Peer Group created by I&P, FSD Africa, Small Foundation and Ceniarth, etc.) are key to growing this universe of investors who are the ones able to invest in smaller fund sizes.

Adapting the funding environment to the reality of agri-SME managers.

In order to fund the first-time fund managers that are most likely to invest in early-stage agri-SMEs, funders can refine their framework to assess manager quality rather than defaulting to prior fund performance as the primary selection criterion. They can also support warehousing facilities (such as 2X Ignite, Pathfunder) and fund readiness programmes (such as the International Social Finance Accelerator-ISFA), while integrating a focus on agri-SMEs, to help first-time fund managers build demonstrable investment track record and robust fund designs.

⁵⁰ I&P. 2025. *How can African SME funds mobilise more capital? Lessons learned from pioneering GPs and LPs.*

⁵¹ A mobilisation ratio of 1:4 is assumed, meaning each unit of catalytic capital is expected to mobilise four units of additional investment, based on observed leverage in similar ecosystems and catalytic fund structures.

⁵² <https://smartcapital.tn>

⁵³ I&P. 2025. *How can African SME funds mobilise more capital? Lessons learned from pioneering GPs and LPs.*



Eden Tree © Michael Dakwa (2021)

Conclusion

The 175 funds mapped in this study, 117 of which are currently in active fundraising targeting \$6bn, offer an up-to-date picture of the African agri-SME fund landscape. They are active across the investment lifecycle, by both scaling up medium-sized agri-SMEs, and increasingly investing at earlier stages, providing technical assistance, and developing nascent businesses into profitable companies. They are building the infrastructure on top of which larger volumes of commercial capital, including bank financing, can eventually flow. They are also expanding their impact, across not only smallholder livelihoods but also food security, climate, and gender; with clear areas where progress is still needed.

Whether this opportunity for impact and additionality will be met, will largely be decided by the funding environment for these funds. **Of the \$6bn being targeted, \$4.6bn remains to be raised,** with a large part concentrated among agri-specific funds carrying high perceived risk, and another part distributed among the 65% of funds led by first-time fund managers who collectively account for \$2.8bn of that total. **Out of the \$6bn landscape, and taking into account what has already been raised (first closes), we expect the space to reach between \$3.2bn and \$4.9bn in size.** Existing institutional investor frameworks are not designed to back agri-specific funds without risk shields; nor are they able to back first-time fund managers with small fund sizes, regardless of the opportunity. This is where catalytic capital can play a decisive role: by providing anchor funding or concessional capital, absorbing the risk and strengthening agri-SME fund managers, they empower them to achieve the market validation that unlocks further investors.

Closing that gap does not require funding the entire \$6bn. **Based on mobilization ratios observed across the landscape, approximately \$1,15bn in anchor and catalytic capital would be sufficient to unlock the rest⁵⁴, and between \$3.2bn and \$4.9bn in size.** For donors, DFIs, and catalytic capital providers, this represents a concrete entry point: not to replace commercial investors, but to provide the early commitments that make it possible for this new generation of managers to unlock existing and new pools of capital.

The trends toward additionality and impact documented in this report are promising; whether they are realised depends largely on how much and what kind of capital supply follows. Without it, a landscape of this quality and ambition risks remaining just that: a promise.

⁵⁴ I&P. 2025. *IPDEV Impact Report*. The IPDEV catalytic fund of funds shows that for each €1 provided by IPDEV, additional €2.45 were raised from new pools of investors (African private and institutional investors)

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Appendix I: Data points

79 datapoints were aggregated on each of the funds in the sample:

Fund strategy	Investment thesis, ticket size, asset class, instrument, tenor, presence of predecessor funds
Fund manager	Number of GPs, gender of GPs, nationality, background, team location.
Fund terms	Fund structure, fund life, domiciliation, fees, currency, number of portfolio companies targeted, vintage of the fund.
Fundraising strategy	Fundraising approach, partnership with sponsor or anchor investor, fundraising close status, next close objective, targeted fund size, final fund size.
Blended Finance	Concessional capital targeted or raised, TA targeted or raised, TA model, % over fund size
Impact	Sector of investment, agri-sub sector, primary production, value chain approach Gender impact, Climate impact, Livelihoods, Food Security, Additionality at SME level, mobilization of additional capital, impact horizontals

Appendix II: Scoring methodology

GENDER			
Gender	0	Gender blind	Gender equality and integration are not mentioned in the fund's documentation, strategy, or reporting.
	1	Gender aware	Gender equality and integration are mentioned but not as a core investment strategy. Some gender metrics are reported on, but gender is not a pillar of the fund thesis.
	2	Gender smart	Gender lens investing is clearly stated and formalised in the investment mandate. Gender is a key pillar of the fund's thesis. The fund systematically integrates gender into its processes and is aligned with or certified under the 2X Challenge.
CLIMATE			
Climate	0	Climate blind	Climate strategy is not mentioned in the fund's documentation or reporting.
	1	Climate aware	Climate strategy is mentioned but is not a formal or strategic priority. Some KPIs may be tracked, but climate is one of many ESG themes. The fund contributes to climate outcomes without targeting them explicitly.
	2	Climate smart	Climate change is clearly articulated in the fund's strategy and objectives, with mitigation and/or adaptation at the core of the investment thesis. Climate outcomes and indicators are intentionally targeted and systematically tracked.
FOOD SECURITY			
Food security	0	Not present	No mention of food security, zero hunger, strengthening food systems, or related concepts in the fund's documentation or reporting.
	1	Present	Food systems and food security are mentioned as one of the fund's impact pillars, with some relevant KPIs reported on.
	2	Core theme	Food security or food system transformation is the central focus of the fund's impact thesis, with dedicated targets and systematic tracking of food-related outcomes.

LIVELIHOODS			
Livelihoods	0	Not present	No mention of job creation, smallholder farmer resilience, wages, or employment-related outcomes in the fund's documentation or reporting.
	1	Present	Livelihoods are referenced through some KPIs (e.g. jobs created, income of smallholder farmers), but are not a primary pillar of the fund's impact thesis.
	2	Core theme	Livelihoods improvement is a central and formalised objective of the fund's thesis, with dedicated metrics systematically tracked (e.g. number of jobs created, salary levels of smallholder farmers, income improvements).
ADDITIONALITY OF FUND STRATEGY			
Additionality of fund strategy	1	Maturity of the targeted agri-SME	Funds investing earlier in the SME lifecycle are considered more additional, as this is where financing gaps are likely most acute. Early-stage enterprises lack track record, collateral, and investment readiness, making them less accessible to traditional actors. This is determined looking at the fund strategy, the ticket sizes targeted and pipeline data when available. A fund that specifically target this segment scores a 1 while one that doesn't score a 0.
	2	Role in the investment process	Funds acting as lead investors demonstrate higher additionality, as they are responsible for sourcing, structuring, and de-risking transactions that would not materialize without their involvement. This should be understood as a proxy of the alternatives available and the depth of the capital markets. This was determined looking at the fund strategy, the ticket sizes targeted and pipeline data when available. A fund that leads most of its transactions scores a 1 while the one that doesn't score a 0.
	3	Pioneering nature	Funds operating in underserved geographies or segments exhibit greater additionality, deploying capital where limited co-investment, higher perceived risk, and weaker ecosystems create persistent barriers. This was determined by looking at the strategy in relation to the geographical scope of the fund. A fund that deploys a strategy that is not widely present in its target markets scores a 1 while the one that doesn't score a 0.

Appendix III: Sample of Funds

The sample of 131 funds below includes both fully raised funds and funds currently fundraising; and both agri-focused generalist and agri-specific funds; in line with the methodology of this report. It is an extract from the database of 175 funds used for the research; to manage confidentiality requirements, only funds for which it is already in the public domain that they are fundraising or have raised capital have been listed below.

Fund Name	Fund Manager Name
Global Supply Chain Support Fund (GSCSF)	Aavishkaar Capital
Export Finance Fund I	Acre Impact Capital
ARAF Fund II	Acumen Capital Partners
ARAF Fund I	Acumen Capital Partners
Adapta Farmer & Agri-SME Wholesale Financing Facility	Adapta
adOpes Microleasing Fund	adOpes
Africa Climate Ventures	Africa Climate Ventures
Enygma Ventures Fund (EVF)	Africa Trust Group
AfricaEats	AfricaEats
Horn of Africa Fund I	African Renaissance Ventures
AgDevCo Ventures	AgDevCo
AgDevCo (I)	AgDevCo
Agri Frontier Growth Fund	Agri-frontier
AHL Venture Partners	AHL Venture Partners
AlphaJiri Investment Fund	AlphaMundi Group Ltd
SocialAlpha Investment Fund	AlphaMundi Group Ltd

Altree Kadzi Gender Climate Fund	Altree Capital
Argentil Investment Fund (ASIF)	Argentil Capital Management Ltd
ATG Samata Parity Fund	ATG Samata
AV Ventures Africa SME (AVAS) Fund	AV Ventures (ACDI/VOCA)
AV Ventures Ghana Fund	AV Ventures (ACDI/VOCA)
Agri-Business Capital (ABC) Fund	Bamboo Capital
LAFCO (Lending for African Farming)	Barak Fund Management
Barka Fund	Barka Capital
BETA Ventures Climate Tech Fund	Betawaves
Catalyst Fund	Catalyst Fund
Fonds Cauris Croissance II	Cauris Management
Agricultural Commodity Transformation Fund	CFC Fund Management Services
Food Securities Fund (FSF)	Clarmondial
Comoé Capital	Comoé Partners
Consonance Innovation Fund II	Consonance Investment Managers
Climate Resilient Africa Fund (CRAF)	CRAF
Africa Sustainable Forestry Fund II	Criterion Africa Partners
AATIF	Cygnum Capital
Delta40 Fund II	Delta 40
DevCap	DevCap Investment Partners
EG Economic Empowerment Fund (EG-EEF)	EG Capital
Equator Africa Fund	Equator Venture Capital
EFAG	Equity for Africa Group
Agri-Vie Fund I	EXEO Capital
Agri-Vie Fund II	EXEO Capital
Fako Capital	Fako Capital

Farmties Fund I	Farmties Capital
eco.business Fund	Finance in Motion
Food Flourish Ventures (FFV) Fund I	Food Flourish Ventures
Organic Development Finance (ODF)	FOUNT
Huruma Fund	Gawa Capital
Gemini Green and Innovation Fund (GCIF)	Gemini Capital Partners
Social Venture Fund (SFV)	Global Partnerships
GSIF Africa	Global Social Impact Investments
Grassroots Business Investors Fund I	Grassroots Business Investors
Grounded	Grounded
Hivos Food & Lifestyle fund	Hivos Impact Investments
IDH Farmfit Fund	IDH
BALIM	iGravity
Rural Livelihoods Investment Facility RLIF	iGravity
Fair Factory Development Fund	Incluvest
Incofin Fairtrade Access Fund	Incofin
Gain N3F (Nutritious Foods Financing)	Incofin, GAIN
Injaro Africultural Capital Holdings Ltd (IACHL)	Injaro Investments
Mangofund	Mangofund
MCE Empowering Sustainable Agriculture Fund (MESA) Fund	MCE Social Capital
Resilient Future Fund II	Mercy Corps Ventures
Mitsiry Biodiversity and Climate Fund (MBCF)	Miarakap
Miarakap Investissement	Miarakap
Mirepa Capital SME Fund I (MCSF I)	Mirepa Investment Advisors
Mirova Sustainable Land Fund 2 (MSLF2)	Mirova
Land Degradation Neutrality Fund I	Mirova

Missio Invest Social Impact Fund (MISIF)	Missio Corp
Moringa Agro-Forestry Fund	Moringa Partnership
Neper Fund	Neper Ventures
Néré Capital	Néré Capital
FAIR Facility for Adaptation; Inclusion and Resilience	Nithio Holdings
Nordic Impact Evergreen K/S	Nordic Impact Investments
Novastar Ventures Africa People + Planet Fund III (NVIII)	Novastar Ventures
Novastar Ventures Africa Fund II	Novastar Ventures
Novastar Ventures East Africa Fund I	Novastar Ventures
Okavango	Okavango Capital
One Acre Ventures (1AV)	One Acre Fund
Opera Green Industry Capital	Opera Capital
African AgriFood Development Fund (AADF)	Pearl Capital Partners
African Agricultural Capital Fund (AACF)	Pearl Capital Partners
African Seed Investment Fund (ASIF)	Pearl Capital Partners
Yield Uganda Investment Fund	Pearl Capital Partners
African Agriculture Fund	Phatisa
Phatisa Food Fund II	Phatisa Ltd
Pyramidia Venture Studio	Pyramidia Ventures
responsAbility Climate Smart Agriculture Food Systems	responsAbility
Rhino Impact Fund	Rhino Impact Fund
Root Capital	Root Capital
Sahara Impact Ventures Fund I	Sahara Impact Ventures

SEFAA - Social Enterprise Fund for Agriculture in Africa	Sahel Capital
Sahel Capital Agribusiness Fund (SCAF) II	Sahel Capital
FAFIN - Fund for Agricultural Finance in Nigeria	Sahel Capital
Sayuni Capital Fund I	Sayuni Capital
Secha Capital - Fund II	Secha Capital
Secha Capital - Fund I	Secha Capital
Shona Capital	Shona
FEFISOL II	SIDI, Alterfin
FEFISOL I Africa Fund	SIDI, Alterfin
Silverlands Fund I	SilverStreet Capital
Silverlands Fund II	SilverStreet Capital
Sinergi SA	Sinergi Niger
SINI Greenfield Fund (SGF)	SINI Capital Management
SME Impact Fund I	SME Impact Fund
IREN AGRI	Société Générale, Ksapa
Landscape Resilience Fund (LRF)	South Pole
Ster Impact Fund	Ster Impact fund
Teranga Capital	Teranga Gestion
Truvalu Enterprises Kenya	Truvalu
Tshiamo Impact	Tshiamo Impact Partners
Unconventional Capital	Uncap
Veris Investment	Veris Investments
VestedWorld Rising Star Fund	Vested World
VestedWorld Fund II	Vested World
Vital Capital II	Vital Capital Investments

Voxtra East Africa Agribusiness Fund	Voxtra
Wangara Green Ventures	Wangara Green Ventures
Equifund I	wCap
WIC Capital Fund II	WIC
WIC Capital Fund I	WIC
Zinari Women's Enterprise Fund	Zinari Capital
Zira Capital Investment	Zira Capital



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