Neycha – helping entrepreneurs build flourishing businesses

Skills and finance are among the most important factors in starting a business. The Neycha Accelerator & Fund combines both. Founded in mid-2023 by the Swiss Biovision Foundation and Ugandan business consultants Shona, Neycha specially addresses agroecological enterprises in Kenya and Uganda. Lucy Asiimwe, Programme Manager at Shona, and Dan da Silva, Programme Manager at Biovision, give an insight into the initiative and their partnership.

Lucy Asiimwe is Programme Manager at SHONA Group. Her focus is built around supporting entrepreneurs to build strong and impactful businesses addressing food system challenges. She currently leads the Neycha Accelerator and Fund initiative which supports enterprises in profitably integrating agroecology into their strategy. Lucy has worked in the field of development in Uganda since 2011. Prior to joining SHONA Group, she was a project lead at SNV Netherlands Development Organisation.
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Dan da Silva is Senior Programme Manager Policy and Advocacy at Biovision. Here his focus lies on the building of an enabling environment and the sensitisation assessment of impact investors towards the benefits of investing in agroecological enterprises as well as the Neycha Fund. Dan has worked in the development field in Nigeria and Tanzania since 2004. Prior to joining Biovision, he was Senior Agribusiness Advisor with the World Vegetable Center in Arusha, Tanzania.
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Lucy, what does Shona stand for?

Lucy: Shona's mission is to build a thriving East African private sector driven by good business. A good business is one that is well run and positively benefits society by creating value for all stakeholders including employees, customers, owners, value chain partners and the communities in which they operate. We are entrepreneur-centric, and our approach is hands-on and focuses on building skills and transforming the attitudes and behaviour of entrepreneurs by combining multiple and practical capacity building approaches, with support in securing the right financing and in expanding their networks to grow their businesses.

What does this look like in practice?

Lucy: We collaborate with different partners to conceptualise, design, fundraise and implement innovative programmes that help entrepreneurs build flourishing businesses. Our ideal partners are those that need the capacity of a partner that meets their strategic objectives through small and medium-sized enterprises, or those that need expertise to deliver value to SMEs.

One such partner is Biovision, with whom you conceptualised the Neycha Accelerator & Fund. Dan, why is such a tool especially necessary for agroecological enterprises?

Dan: First, there are the myriad disadvantages that agroecolocigal enterprises – AEEs for short – have to surmount compared to enterprises that externalise part of their costs of doing business on society. Second, these enterprises are multipliers and catalysts of the ability for agroecology to grow because they provide agroecological producers with markets for their produce and also support conventional farmers to transition to agroecology through training. Third, the inability of agroecological enterprises to access sufficient capital, which is a challenge shared to a lesser degree by small and medium agri-food enterprises in general, limits their capacity to grow and take up the role as multiplier catalyst.

What exactly do you mean with enterprises externalising their costs?

Dan: This refers for instance to water pollution, reduction of biodiversity and climate change as a result of encouraging farmers to use chemical fertilisers. But costs also include health costs which arise for consumers from buying from farmers using pesticides or the damage pesticides do to the "natural capital" that belongs to all of us, including the soil, insects and animal health. And there are social costs like contributing to inequality because these enterprises do not provide decent work and wages.

So let's get back to Neycha. Once the idea was born, what happened next?

Lucy: After venturing on a feasibility study, Biovision identified Shona as the implementer with whom the Neycha Accelerator and Fund was co-created to scale agroecology through increased investment into growth-oriented agroecology enterprises – in form of seed funding as a source of patient capital for growth, capacity in form of technical assistance to bring agroecological enterprises to scale and connections to support the AEEs build community and expand their networks.

What is there in store for the participants?

Dan: The entrepreneurs, comprising a maximal total of 30 per training, first of all join a one-month Pre-Boot Camp which consists of three main activities: agroecology practice assessment using the Business Agroecology Criteria or B-ACT tool, an online coaching in the areas of agroecology and business models, and an online coaching in business diagnostics and due diligence. In the Bootcamp proper, in which a maximum total of 20 handpicked entrepreneurs work together over a week-long period, the focus is then on in-depth capacity building, which ultimately feeds into an enterprise growth plan. And when they have finished their training, twelve of the 20 enterprises receive low-interest loans to the tune of 10,000 to 50,000 dollars out of the Neycha

Revolving Loan Fund. In addition, all enterprises are also offered continuous mentoring and access to networks after the Bootcamp.

Who can apply for Neycha?

Dan: Enterprises must have a clear agroecological passion, impact and vision. Moreover, there is a set of "business criteria", such as registration as for profit enterprise and existence of a business plan, and a set of criteria for the enterprise team – such as size and entrepreneurial spirit – that have to be fulfilled.

Lucy: Conducting a market assessment was a smart move as it gave deep insight into the agroecology landscape in Uganda and Kenya and provided deeper context of business perceptions and constraints to the practice of agroecology. These insights shaped the approach and the criteria that was used for the selection process which has evolved with time. The agroecology assessment has played a crucial role in identifying the right enterprises and the principles they are practising, and in gaining insight into their transition journey.

Who are the financial partners?

Lucy: For now, these are philanthropies mostly employing an entrepreneurial approach, in other words venture philanthropists, and a bilateral development cooperation donor. Loans are provided from the Neycha Fund situated within Shona and managed by Shona Capital. It is important to note that the Neycha Fund only provides seed funding, while its overarching goal is to prepare agroecological enterprises for follow-on investment of larger ticket sizes and potentially more competitive terms.

You developed the Neycha concept together. How are tasks now shared in the implementation phase?

Dan: Neycha is independently managed by Shona, while Biovision contributes the largest part of the funding for the capacity building part. Also, Biovision strongly supported the fundraising for the Neycha fund as well as the relationship building of Shona amongst the international agroecology actors. Representatives from the two organisations constitute the steering committee of the overall Neycha project. This steering committee is expected to get further input from the advisory committee on which experts and further donors and back donors of the accelerator and fund are seated. Furthermore, Biovision Foundation is on the investment committee of the Neycha fund. Together with others, both organisations are also on the steering committee of the Agroecological Enterprises Community of Practice run by Shona where NGOs, enterprises and funders with a focus on food systems transformation exchange their experiences and learn jointly about agroecological enterprises.

Neycha was launched well over a year ago. What has happened since?

Lucy: The first cohort of 19 AEEs, of which eleven are from Kenya and 8 from Uganda, has been with Neycha since the second quarter of 2023 and has passed through the bootcamp. In regards to the investment Fund, twelve of the AEEs have already expressed interest and been appraised for the loan. So far, five loans worth 137,000 US dollars have been approved for investment. Seven of the twelve loan applications are deferrals meaning that the AEEs have to be supported to work on specific technical aspects in order to turn their applications into successful loans. Mentorship, technical support of all enterprises and financial follow-up of loanees is continuing. Peer-to-peer groups of those working in similar sectors have formed and are active. The second cohort of 20 AEEs, nine of them Kenyan and eleven Ugandan, has been selected from 28 that were part of the pre-boot camp activities. It kicked off with a five-day boot camp in Kampala, Uganda, on the 30th September 2024.

Any lessons learned so far?

Lucy: A number of changes were made for the second cohort to shorten the application process, have a more hands-on approach to the selecting of the right entrepreneurs, designing an online training that combines business acumen and agroecology business models, ultimately closing with the AEEs having three-year growth strategies. Having learnt from the process so far, and taking feedback from the AEEs, the investment committee and the fund manager, Shona Capital, we have made small changes to the investment process to allow for investments to be made in AEEs that are appraised for receiving investment from the fund ahead of participating in the accelerator, which had not been the case for the first cohort. The goal is to ensure AEEs access capital when they need it, but also to be able to provide capital to AEEs as early as possible. So far, nine AEEs out of the 20 in Cohort 2 have been selected for loan appraisal before the acceleration process for all kicks off.

And has there already been feedback from enterprises?

Lucy: So far, two cohorts have been going through the process since 2023 for cohort 1 and now, in 2024, for cohort 2 – with, as described, 60 owners or managers of AEEs in the month-long pre-bootcamp processes, the initial capacity building process, and then 40 in the bootcamps (2023 & 2024) and afterwards 39 in the ongoing accelerator activities, as one had to be dropped in cohort 1. The effect of this training and loan provision on farmer beneficiaries, for example in terms of improved training by the enterprises on the type of products required from them, larger purchases and better prices or improved and larger amounts of agroecological inputs provided to them as well as healthier and safer products, has not been quantified yet, but the monitoring system to do this is in place.

Are there any obstacles you have encountered so far in the implementation?

Dan: We found out that the fledglings require even more capacity building to be investment-ready for the concessionary loans of the Neycha Fund. This however justifies the initial assumption that agroecological enterprises face a myriad of challenges hindering their growth, although the challenges might have been underestimated. A strengthened insight of this is the consequence that the enterprises struggle at multiple ends at the same time, hindering the ability to overcome key challenges like proper organisational systems that are critical for accessing external capital.

What is next?

Lucy: There will be some smaller adaptations for the third and final cohort of the current Neycha Programme, and planning for the next phase will soon start. Shona has the vision of expanding the programme to other countries besides Kenya and Uganda.

Dan: We also see a self-sustaining Neycha Fund financing AEEs at different growth stages. It's imperative that more female-led AEEs are accessing loans building on gender-based financing mechanisms. Here, it is important to understand that female-led/ female owned AAEs is not the only way, or maybe even the most significant way; gender equity benefits of AEEs should be measured. Other key measures are the number of women and youth employed and benefiting from the decent working conditions within AEEs and the number of female and youth farmers benefiting from the market access provided for them by being able to sell their produce to AEEs (or – in the case of AEEs producing agroecological farm inputs – the number benefiting from the availability and increased productivity and ability to offer agroecology products coming from these). Finally, with regard to your question "What is next?": Neycha needs to stay and become the leading example that provides proof there is a profitable business case in agroecology.

For full-text interview, see www.rural21.com.