



# Innovative Financing

## De-risking Aquaculture for commercial lenders

**Company:** Aquarech  
**Sector:** Aquaculture  
**Location:** Kenya  
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## A dearth of financing in aquaculture

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Despite employing around 33% of Kenya's workforce, agriculture receives only about 4% of total bank lending. Commercial banks are often reluctant to increase their exposure to smallholder farmers and agriSMEs, particularly in emerging sectors perceived as high risk. Aquaculture illustrates this gap: despite domestic demand estimated to exceed supply by roughly twofold, lending to the sector remains extremely limited.

Lenders cite several constraints, including limited production data, loan repayment schedules that do not align with long biological fish production cycles, stringent collateral requirements in the absence of Central Bank of Kenya guarantees, and the high cost of serving fragmented rural farmers. These barriers also constrain agriSMEs seeking to extend credit to their farmer suppliers to boost productivity. Without formal bank partnerships, agribusinesses must finance inputs such as fish feed directly from their balance sheets, placing significant pressure on working capital.

Targeted technical assistance (TA) can help bridge this gap by de-risking early lending and enabling embedded finance partnerships between banks and agribusinesses. The following case study illustrates how CASA Kenya supported Aquarech, a Kisumu-based aquaculture company, unlock 'Aquafedha' – a credit facility with Equity Bank. This allows their fish farmers to purchase high-quality feed, a critical production input.

### Aquarech

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Aquarech, based in Kisumu, is a vertically-integrated tilapia aquaculture company founded in 2019. Its primary revenue driver is selling high-quality fish feed directly to small and medium-scale fish producers. Alongside this, Aquarech operates a hatchery for fingerlings and, providing farmers with modern cage technology, Aquarech functions as a market aggregator by purchasing harvested tilapia back from its network of farmers. This aggregated fish is then supplied to (predominantly women) street traders via its B2B outlets, while a separate B2C business line sells air-fried tilapia to middle- and upper-income consumers in urban centres like Nairobi through its own-brand 'fish delis'.





## The Challenge

High-quality fish feed is a key driver of aquaculture productivity, yet many small-scale producers cannot afford the upfront cost, limiting their ability to expand. To address this, Aquarech began offering fish feed on credit, repaid once fish stocks reached maturity and were sold. While this helped onboard farmers into the Aquarech supply chain, the three-month repayment cycle placed growing pressure on Aquarech's cash flow as demand for financing expanded.

To scale this access to credit more sustainably, Aquarech explored partnerships with commercial banks. It identified Equity Bank as a potential partner and proposed a model where Aquarech would recommend eligible farmers using its production data and agent network, while the bank would conduct financial due diligence. However, Aquarech lacked the capital to match bank funding as well as the credit risk management expertise needed to operationalise the facility.

## CASA Kenya Support

CASA Kenya deployed catalytic TA to de-risk Aquarech's lending model, pilot an embedded finance facility, and strengthen the operational foundations for scale:



**Credit-risk guarantee facility grant** disbursed in tranches to Aquarech to pilot Aquafedha, with repayments aligned to harvest cycles and designed to demonstrate a minimum viable product that can catalyse future investment.



**Credit controller expert** to develop standardised underwriting criteria, embed women-inclusive processes, strengthen farmer impact reporting, and establish governance systems such as early warning mechanisms. The role also supported joint financial literacy training with Equity Bank, enabling farmers to open accounts and improve credit eligibility.



**Supply sourcing strategist** to design an integrated supply strategy serving all business units, including development of a comprehensive supplier database to identify and onboard new fish producers—strengthening Aquarech's broader B2B model alongside the credit facility rollout.

# What's Changed for the Business?



Although CASA's TA is ongoing, Aquarech is already seeing clear, attributable improvements across its operations.



## Key insights into operationalising Aquafedha

Through this pilot implementation, Aquarech has gained valuable insight into farmer perceptions of credit and effective collaboration with formal lenders. The facility was designed as a tech-enabled model, integrating production data from the Aquarech app to streamline lending. In practice, however, API integration with bank systems proved challenging, and loan approvals remain slow due to internal bank processes and evolving requirements. Digital processing capacity and API integration have emerged as critical success factors, while limited bank familiarity with aquaculture continues to constrain progress. These experiences are shaping Aquarech's fundraising strategy and partnership design going forward.



## Lessons learned on farmer behaviour

Aquarech has learned that farmers value fast processing, transparent terms, and clear recovery mechanisms. Loan products must move at the speed of production cycles. Furthermore, Aquarech has noted that gender differences persist, with women farmers generally being more risk-averse and slower to commit.



## Improvements in credit control processes

TA support enabled the development of an automated early warning system within the Aquafedha app, using traffic-light indicators to monitor feed conversion ratios, mortality rates, data reporting, and repayments. Demonstrated in November 2025, the tool provides real-time risk monitoring for both farmers and the business. An administrator dashboard is now being developed to help the credit team proactively manage portfolio risk. The closed-loop credit model, restricted to feed financing, also reduces fund diversion and strengthens repayment performance.



## Operational efficiencies

TA introduced a business-wide RACI framework to clarify roles across 33 operational processes, strengthening coordination across sourcing, customer care, and logistics. Simplified performance KPIs and practical data tools have further improved decision-making and operational efficiency.





Building on TechnoServe's experience implementing the Commercial Agriculture for Smallholders and Agribusinesses (CASA) Technical Assistance (TA) Facility, the CASA Kenya buy-in programme supports emerging agribusinesses as engines of Kenya's economic development. The programme's objective is to drive inclusive and green growth among Kenyan agriSMEs by providing targeted packages of support, combining technical and financial assistance, to help the businesses progress along their growth journey.

The CASA Kenya portfolio includes agriSMEs across different value chains and operating a range of different business models. Some of these businesses are early-stage companies still proving their concepts, while others are more established SMEs seeking to test new models, enter new markets, or reach different customer segments as they move into their next phase of growth. The underlying principle of CASA is to support agriSMEs not only to grow, but to grow inclusively, engaging more effectively with smallholder farmers – either as suppliers or customers.

This case study forms part of CASA Kenya's broader learning agenda, which aims to generate practical, evidence-based insights from portfolio experience to inform investors, policymakers, and of course, other agriSMEs operating in this space.

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