

## Case study

# Unlocking agricultural finance For youth and women in Rwanda



Catalysing agribusiness growth and inclusive rural development through risk-sharing instruments and targeted support for women- and youth-led enterprises



## Background

Rwanda, an East African nation with about 13.5 million people, relies heavily on agriculture for its economy. However, young and female-managed agribusinesses often struggle to obtain financial resources. These financial challenges limit their ability to grow, raise income levels, and create jobs.

Only 26 percent of the population uses services from licensed commercial banks and financial institutions regulated by the National Bank of Rwanda. Most agri-MSMEs are excluded from formal finance due to perceived risk, high collateral demands, and financial products that do not match their business cycles. This is especially true for women and youth, who often operate informally and without traditional assets.



Photo: UNDP Rwanda

Production manager Egide Niyibiz showing the Winnaz potato chips.

## Development finance solution

UNCDF collaborates with the World Food Programme (WFP) and the Mastercard Foundation to address this financing gap using catalytic capital and risk-sharing instruments. The objective is to attract private capital to rural and underserved markets by supporting local financial institutions in lending to agri-MSMEs that might not otherwise receive funding, such as the Winnaz potato chip manufacturers.

By targeting youth- and women-led enterprises, the initiative promotes inclusive rural transformation and job creation while enhancing productivity along agricultural value chains. In doing so, UNCDF supports Rwanda's national development priorities and strengthens food system resilience with a focus on underserved groups.

In July 2024, under the WFP Rwanda BRIDGE initiative, UNCDF issued a two-year, \$500,000 portfolio guarantee to Urwego Finance, a local deposit-taking microfinance institution. The guarantee covers up to 70 percent of the losses in parallel, allowing Urwego to extend credit to youth- and women-owned agribusinesses that typically lack sufficient collateral to qualify for loans.

This risk-sharing mechanism lowers the barriers for MSMEs to access finance, reducing collateral requirements that can otherwise reach 130–150 percent of the loan amount. The guarantee plays a catalytic role by absorbing part of the risk, making it easier for local lenders to serve high-impact segments of the agricultural economy.

The initiative also provides technical support to enhance Urwego's agri-lending capabilities, extends outreach to underserved groups, and implements monitoring systems to track impact and performance.




## Outcome

The initial \$500,000 guarantee has been fully utilized, unlocking \$714,286 in loans to 92 agribusinesses across Rwanda, representing a leverage ratio of 1.42x. These investments are expected to generate over 3,220 jobs, particularly in rural areas and among youth and women.

Encouraged by the strong uptake and impact, Urwego has requested a follow-on guarantee of an additional \$500,000 to continue expanding its agri-lending operations. This top-up is expected to additionally crowd in \$714,286 in private capital and aims to disburse 100 loans and create 3,500 jobs.

This growing pipeline underscores the replicability and cost-effectiveness of UNCDF's approach: using concessional capital to derisk investments and crowd in private finance for market development.



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This pipeline highlights UNCDF's replicable, cost-effective approach: using concessional capital to derisk investments and crowd in private finance for market development.

## At a glance

Unlocking agricultural finance for youth and women in Rwanda

Terms & conditions	Urwego Existing PG	Urwego Top-up
<b>UNCDF's guarantee sum</b>	\$500,000 (achieved)	\$500,000 (proposed)
<b>UNCDF guarantee tenor</b>	24-months (from signing on Jul.'24)	24 months (from planned signing date Aug. 2025)
<b>Private capital mobilized</b>	\$714,286 (achieved)	\$714,286 (estimated)
<b>Risk cover (all disbursed loans)</b>	70%	70%
<b>Private sector leverage</b>	1.42x (est.)	1.42x (estimated)
<b>Number of loans disbursed/target beneficiaries served</b>	92 (achieved)	100 (estimated)
<b>% age of women beneficiaries</b>	At least 30% (est.)	At least 30% (estimated)
<b>Estimated jobs created/achieved</b>	3,220 (est.)	3,500 (estimated)

### Partners

UNCDF, World Food Programme (WFP), Mastercard Foundation, Government of Rwanda

### Target sectors

Agri-MSMEs across the food system value chain

### Geographic focus

**Rwanda** (nationwide)

## About

### UN Capital Development Fund

United Nations Capital Development Fund (UNCDF) mobilizes and catalyses an increase in capital flows for impactful investments in high-risk markets, especially in Least Developed Countries, Small Island Developing States and countries in special situations. By crowding in capital through the deployment of risk-absorbing financial instruments, mechanisms and structuring advisory, UNCDF contributes to job creation, sustained economic growth and equitable prosperity in more than 70 countries.

In partnership with UN entities and development partners, UNCDF operates with speed and agility to deliver scalable, blended finance solutions to drive systemic change and pave the way for commercial finance and scale up by development finance institutions and multilateral development banks.

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