



## Request for Expression of Interest (EOI) REACT SSA Somalia Funding Competition

*Country of Destination:*  
**Somalia**

*Organiser:*  
**Africa Enterprise Challenge Fund (AECF)**

*Posting Date:*  
**Monday, December 14, 2020**

*Deadline for Submission of EOI:*  
**Friday, January 15, 2021 at 5:00PM (EAT)**

### 1.0 About AECF

The Africa Enterprise Challenge Fund (AECF) is a leading development finance organisation that supports businesses to innovate, create jobs and leverage investments in order to create resilience and sustainable incomes in rural and marginalised communities in Africa. Launched in 2008, AECF has invested in 292 businesses across more than 40 value chains and 26 countries in sub-Saharan Africa. We focus specifically on agribusiness, renewable energy and climate technologies, while also addressing the cross-cutting themes of gender, youth and fragile contexts. In just over a decade,

we have impacted more than 27.7 million lives, created close to 24,000 jobs, and leveraged over US \$740 million in matching funds. AECF is headquartered in Kenya, with offices in Côte d'Ivoire and Tanzania.

AECF uses a challenge fund approach to address market failures by incentivising private sector businesses to respond to development challenges through open competition. Successful businesses receive funding, as well as technical assistance and pre and post investment support. We incentivise businesses to provide sustainable solutions that contribute to poverty reduction and transform lives within rural and marginalized communities. Most of these businesses have innovative ideas but lack the capacity and funds to test and take them to scale. This is where AECF comes in.

AECF's goal is to bridge the investment gap between early-stage enterprise and business maturity for entrepreneurs serving the poorest communities. Through catalytic funding, we help surface and commercialise new ideas, business models, companies and technologies designed to increase agricultural productivity, expand energy access, and alleviate poverty in rural and low-income areas.

### 2.0 REACT SSA Somalia

REACT Sub-Saharan Africa (REACT SSA) is a US\$61 million project funded by the Swedish International Development Authority (SIDA) to support renewable energy in Sub-Saharan Africa, with a dedicated funding of US\$ 8.5 million for Federal Government of Somalia (FGS) and Somaliland. The programme seeks to reduce poverty through a transformational increase in the use of renewable energy by off-grid households in FGS and Somaliland. Its outcome will be private sector investment and innovation in low cost clean energy and climate change catalysed at scale.

#### 2.1 Objectives

1. Support transformational business models adapted to target markets in order to accelerate access to low cost, clean energy i.e. cleaner fuels, cook stoves, alternatives to grid power.
2. Support commercially viable companies and markets in target countries, out of which 25 percent will be women owned and/or managed.

3. Support innovative ideas that stimulate next generation approaches in the renewable energy sector in Sub-Saharan Africa.
  4. Capture and disseminate lessons on how increased access to clean energy can deliver positive impact on the rural poor, especially women and youth, through: i) business models, ii) improved business environment, through policy influencing and advocacy, and iii) improved business environment through crowding in, replication and copying best practice.
  5. Stimulate stakeholder engagements for an improved policy, legal and regulatory environment for renewable energy businesses within the FGS and Somaliland.
- Clean fuels like ethanol and biogas for rural and peri urban use
  - Production and distribution models that support local entrepreneurship within a renewable energy supply chain
  - Standalone equipment solutions for off-grid productive use including solar pumps and cooling solutions
  - Large off-grid energy solutions for public and private institutions
  - Telco-based solutions supporting renewable energy supply chains
  - Business models that address sustainable e-waste management

## 2.2 Grant Terms

The AECF will award grants from US\$100,000 to US\$1,500,000 to selected qualifying companies under this competition. Funding will be milestone based, where disbursements are based on mutually agreed milestones that have to be delivered/achieved. The five-year programme will have the first year as the inception phase and implementation phase from year two to five.

### 2.3 Renewable and clean energy initiatives supported

The programme will support the following technologies and initiatives.

- Small/pico-scale PV household technologies comprising lighting and phone charging systems
- Small (50wp) to large (100+Wp) solar systems for home and business use
- Mini and micro grids from solar energy
- Energy-efficient cooking equipment such as improved cook stoves

### 2.3 Application Requirements

EOIs will be accepted from Private sector companies and microfinance institutions that are commercially active in the renewable energy market in FGS and Somalia.

- **Registration:** Must be legally registered and physically established in the country of doing business.
- **Organisational Type:** Organisations can include but not limited to renewable energy companies, Micro Finance Institutions, energy-agriculture as well as energy-health companies dealing in (or interested in) the initiatives listed above.
- **Organisation Stage of Development:** Organisations from startups to mature, local and international companies and enterprises.
- **Focus Geographies:** Organisations must be operating or have a project in FGS or Somaliland.
- **Impact:** Applicants must focus on reduction of poverty through a transformational increase in the use of renewable energy by off-grid households.

- **Funding Amounts:** Applicants are expected to submit a funding application, justifying their requirements for the business/business idea to be funded, as well as funding amount and duration. Total grant funds requested must be between US\$100,000 and US\$1,500,000, with the applicant expected to raise matching funds. The matching funds requirements are outlined in the information sheet on the website.
- **Use of Funding:** The funding is expected to be used to scale up an existing product or service or replication/ expansion to a new market.

## 3.0 Application process

The application process will take place in two phases and will cover the following steps:

### Phase One

- Applicants to submit an Expression of Interest (EOI) through AECF's online application system, providing an overview of their business model, proposed project, experience, confirm ability to provide matching funds, and operations in the country. Applicants will be required to attach relevant documents as per the application form.
- Applications close on **22<sup>nd</sup> January 2021 at 11:59 PM EAT**
- Review of applications
- Shortlisted applicants selected to proceed to the next phase will be contacted to submit a full proposal

### Phase Two

- Shortlisted applicants to submit full proposals. A full tender documentation will be provided to include application requirements, selection criteria and timelines. This will include business model, financials, gender analysis, human resource allocations, risk and mitigation plans.

- Review of submissions
- Due Diligence
- Selection and Approval
- Contracting
- Implementation

### 3.1 Phase 1: Submission of Expression of Interest

This Expression of Interest (EOI) relates to phase 1 of the application process. The following is required in the submission of EOIs:

1. Applicants must use the AECF online application form accessible through the webpage: [www.aecfafrica.org/REACTSSASomalia](http://www.aecfafrica.org/REACTSSASomalia). The application form must be completed in full and declarations acknowledged.
2. Applicants must upload onto the online application form, **a cover letter** prepared and signed by approved official/s of your Company with authority to commit the Company in the magnitude of the value of the total matching grants related to the grants requested.

3. Applicants must upload onto the online application form, all required documents listed in the form.

### 3.2 Selection Criteria

- Provide a simple business model that is commercially sustainable
- Be a private sector enterprise that is aligned with, or intending to undertake, the initiatives listed. Joint ventures are allowed.
- Be able to show commitment to match AECF funding, based on the ratios stated in matching contributions as shown in the information sheet on the website.
- Request funds amount within the stipulated range of US\$ 100,000 – US\$ 1.5 million. This is a full grant.
- Be compliant with fundamental in-country and international human rights, labor standards, environmental management laws.

- Must be legally registered and physically established in Somalia and/or FGS.
- Must NOT be involved in any act of terrorism or support terrorists' activities
- Must allow regular due diligence.
- Demonstrate additionality of AECF grant into the business (classification of additionality provided in the term sheet provided on the website)

### 3.3 Application Timelines

The first phase of the application process to submit **Expressions of Interest** will be open from **14<sup>th</sup> December 2020 to 22<sup>nd</sup> January 2021**. Expressions of Interest are due on **22<sup>nd</sup> January 2021 by 11:59 PM (EAT)**.

## 4. Contact Information

For further clarification regarding the application process and requirements, please email [REACTSSASomalia@aecfafrica.org](mailto:REACTSSASomalia@aecfafrica.org).