



## About AECF

The Africa Enterprise Challenge Fund (AECF) is a US\$ 256 million private sector challenge fund that provides catalytic funding to enterprises in 24 countries in Sub-Saharan Africa. The fund supports innovative commercial businesses in the agribusiness, renewable energy and adaptation to climate change technology sectors with the aim of reducing rural poverty, promoting resilient rural communities and creating jobs through private sector development. We invest in businesses that are seen as “risky” and that struggle to meet traditional risk-return standards for commercial investors and which offer significant impact on poverty alleviation by creating jobs and sustainable incomes.

The AECF was launched at the World Economic Forum as an initiative of the Alliance for a Green Revolution in Africa (AGRA). Since 2008, it has been supported by donor governments namely Australia, Canada, Denmark, Netherlands, Sweden, United Kingdom, and international finance institutions such as the Consultative Group to Assist the Poor and International Fund for Agricultural Development.

In 2017, the AECF entered a new phase as an independent entity with the objective of expanding its geographical reach, grow its funding base and increase its transformative impact on inclusive growth. To achieve this the Fund will deepen its focus on gender issues, youth and employment. The new strategy will build on the Fund’s track record of creating sustainable rural livelihoods through private sector-led initiatives that change the way markets work for the poor.

## Renewable Energy and Adaptation to Climate Change (REACT)

Renewable Energy and Adaptation to Climate Technologies (REACT) window is demonstrating how renewable energy technologies and businesses have the potential to reach Africa’s rural communities. Limited access to sources of energy, (especially in rural areas) continues to undermine the productivity of households and businesses, limit growth, experience high emissions and deteriorating living standards. Climate change has the potential to reduce agricultural yields, increase water scarcity and the frequency of extreme weather. REACT has shown that private sector innovation has the potential to reach people in ways that large-scale government investment in grid extension and climate adaptation infrastructure struggle to deliver.

### AECF’s Impact

**US\$ 83 million** in funding committed to **68 companies**

Leveraged an additional **US\$ 207 million** in co-financing from private sector.

Provided improved access to clean sustainable energy for over **4.5 million** people.

Over **15 Mega Watts** of clean energy capacity have been installed

Assisted in **preventing the release of over 500,000 tonnes** of CO<sub>2</sub> emissions.

**Improved sustainable electricity access** results in better access to data for increased agricultural productivity through charged mobile phones, increased education through access to lighting and improved respiratory health through the use of electric cook stoves.

In six years, REACT has committed over US\$83 million to 68 companies implementing innovative business models that provide increased access to clean energy, financial services and climate smart solutions for the rural poor.

## How do we invest?

The AECF provides between US\$ 250,000 and US\$ 1.5 million in funding to businesses allocated through business competitions in priority sectors in Africa. The winning proposals are selected on the basis of their commercial viability, innovation and potential development impact on the rural poor. To ensure the Fund does not crowd out other sources of finance, grantees co-finance a minimum of 50 percent of the total cost of the project.

## What areas does AECF support?

- **Access to low cost sources of renewable energy:** This includes cost effective renewable power, commercially viable renewable fuels and other clean energy alternatives;
- **Technology for Climate Change Adaptation:** The emphasis is on products and services that help rural people and smallholder farmers adapt to climate change;

- **Increased access to end user financing for clean energy:** End user financing that allows customers to pay for clean energy assets in affordable increments is a key factor in the rapid uptake of off-grid solar home systems and other clean energy products (e.g. cook stoves).

## What technologies and business models does AECF invest in?

- Off-grid solar and micro solar PV home systems, for household lighting and charge stations.
- Mini and micro grids power supply solutions.
- Power generation from renewable energy to complement grid supply, on a scale of less than 15 MW (through biomass and small hydro plants)
- Bioenergy - including biogas, alternatives to charcoal and conventional cook stoves
- Agribusiness: “climate smart” interventions in arid and semi-arid lands.
- Climate information and media services



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Investing in rural people



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SWEDEN

UKaid  
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