The Africa Enterprise Challenge Fund (AECF), through the Renewable Energy and Climate Technologies (REACT) Sub-Saharan Africa (SSA) programme, is supporting private companies that are promoting the use of renewable energy in Somalia. Funded by the Swedish International Development Authority (Sida), the Renewable Energy and Climate Technologies in Sub-Saharan Africa (REACT SSA) initiative seeks to reduce poverty through a transformational increase in the use of renewable energy by off-grid households.

In the REACT SSA Somalia programme, qualifying companies will receive between US$100,000 and US$1.5 million of pure grants, awarded upon the achievement of mutually agreed milestones. The grants will be given to commercially-viable companies out of which 25 percent will be women owned or managed.

### Grant objective

The REACT SSA Somalia award seeks to encourage private sector investment and innovation in low-cost clean energy in Somalia.

### Clean energy initiatives supported

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Example</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small/pico-scale PV household technologies</td>
<td>Small (50wp) to large (100+wp) solar systems for home and business use</td>
</tr>
<tr>
<td>Production and distribution models that support local entrepreneurship</td>
<td>Mini and micro grids from solar energy</td>
</tr>
<tr>
<td>within a renewable energy supply chain</td>
<td>Energy-efficient cooking equipment such as improved cook stoves</td>
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<tr>
<td>Standalone equipment solutions for off-grid productive use including</td>
<td>Telco-based solutions supporting renewable energy supply chains</td>
</tr>
<tr>
<td>solar pumps and cooling solutions</td>
<td>Business models that address sustainable e-waste management</td>
</tr>
<tr>
<td>Clean fuels like ethanol and biogas for rural and peri urban use</td>
<td>Companies supplying energy primarily to households and to some institutions (such as schools and health centers) as well</td>
</tr>
</tbody>
</table>
With support from Sweden

**Geography**

This is the second round of REACT SSA Competition in Somalia, following the successful funding award to several companies in the first round of the competition.

Companies operationally based in, or strategically planning to invest in the three (3) States of Hirshabelle, Southwest, and Banadir are highly encouraged to apply, since they were the least represented states during the first round of the competition.

**Eligibility Criteria**

Applicants for the REACT SSA- Somalia grants must meet the following criteria:

- Be private sector enterprises that are aligned with the focus areas. Joint ventures are allowed (including those who had applied earlier but were unsuccessful).
- Must be legally registered and physically established in Somalia. Registration at both Federal and State-levels are required. The following documents are mandatory:
  - Valid company registration documents (business license) from both Federal and State-levels.
  - Memorandum and Articles of Association (MEMARTS).
  - Company profile.
  - Audited financial reports for the past 2 years (2019 and 2020).
  - Most recent management accounts of the year 2021.
  - Certified bank statements for all current accounts and loan accounts from 1st January 2021 to date.
  - Valid tax compliance certificate for the past year.
- Must show a commitment to match AECF funding. Matching contributions are required to demonstrate interest and trust from the wider investor community.
- Request funds amount within the stipulated range of US$ 100,000 – US$ 1.5 million. This is a full grant. The Funding must, however, be used for a specific project in Somalia.
- Be compliant with fundamental in-country and international human rights, labour standards, environmental management laws.
- Must NOT be involved in any act of terrorism or support terrorists’ activities.
- Must allow regular due diligence by AECF.
How to Apply

The REACT SSA - Somalia Programme grants will be offered after successfully completing a business plan, financial model, and an elaborate due diligence process.

Application Process

Applicants are required to complete an application form available on the AECF website, www.aecfafrica.org. The application must comply with the programme Term Sheet requirements. This includes:

- Outline a business model that is commercially sustainable
- Demonstrate an understanding of the country context and culture
- Outline a targeted approach to connect the peri-urban, rural poor and internally displaced persons (where applicable) to affordable and high-quality clean energy products and services
- Demonstrate how the business model will deliver and sustain social impact in the target markets
- Demonstrate an alignment to the global and respective national environmental management regulations
- Provide comprehensive details of market strategy and financial models covering sales targets, projected cost of sales, operational costs and the sources of finance.
- Demonstrate how gender analysis has informed the product/service design and how it will impact the project
- Demonstrate how matching funds will be sourced and when the cash will be available

Award winners will be selected on the basis of additionality, value for money and sustainability of their business plans.