



AECF Annual Report 2019

Building Resilience Scaling Impact:

Empowering marginalised
communities in Africa through
private sector development



Who we are

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.

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AECF at a glance

Vision: A prosperous and enterprising rural Africa.

Mission

We unlock the power of the private sector to positively impact low-income households in rural and marginalised communities in Africa.

Our approach

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 marginalised 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.

Core objectives

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.

Portfolio reach

AECF is committed to working in frontier markets, fragile states and high-risk economies where few mainstream financing institutions dare to go. We focus our activities in East, West and Southern Africa, having worked in 26 countries since 2008.



Impact highlights

AECF's impact and achievements

Since 2008, AECF has pioneered challenge fund management across sub-Saharan Africa. In that time, we have achieved:

Our cumulative impact since 2008



* AECF calculates cumulative 'peak' jobs and households reached as the highest annual figure reported by our investees across the duration of their contract.

Our impact in 2019



Households reached:

1.6 million



Lives benefitted:

8 million



Funds under active management:

US \$166m



Average annual net benefit per household:

US \$69



Matching funds leveraged:

US \$15.7m



Funds disbursed:

US \$6.8m



CO₂ emissions avoided/reduced:

210,321
tonnes

The equivalent to taking

45,400

passenger vehicles off the road
for one year



Total number of direct jobs
created and sustained:

7,321



Total net development impact**:

US \$121m



Companies under active management:

105

** This is the total annual income generated through investees for customers, suppliers, employees, and other community stakeholders. We calculate this using 'number of households impacted' X 'net \$ earned per household impacted' + '\$ wages paid'.

Chair's message

Looking to the future with confidence



Hixonia Nyasulu
Chair of the Board

AECF is building on past strengths, leveraging internal expertise and evidence, and laying the ground for future impact.

In the early months of the coronavirus outbreak, the government of Zambia classified solar energy an 'essential service', enabling AECF investee WidEnergy to continue providing affordable energy solutions to low-income Zambian households.

Across Africa, the COVID-19 pandemic has underscored the value of AECF's work in expanding access to energy and building resilience in agri-food systems. With its disproportionate impact on people who are poor and vulnerable, COVID-19 has served to highlight the importance of investing in agribusiness, renewable energy, climate change adaptation and fragile contexts – because there is still much work to be done.

Indeed, while agriculture accounts for 32% of GDP in sub-Saharan Africa and employs 65% of the workforce, the sector's full potential is yet to be realised. We still need to drive agricultural transformation, reduce our reliance on foreign food imports, and stimulate job creation. Similarly, in sub-Saharan Africa today there are 600 million households

without grid connection – households which are dependent upon kerosene lamps, charcoal stoves, battery-powered torches and diesel generators.

The lesson for AECF is clear: during this period of crisis and uncertainty, supporting agriculture, climate resilience, and clean energy so that those living in extreme poverty have access to livelihoods, jobs and nutritious food remains absolutely vital.

Leadership changes

Under the interim leadership of Victoria Sabula, in 2019, AECF began a process of strengthening and improvement which meant we were well placed to respond to the unforeseen challenges of COVID-19. I would like to commend the team at AECF for their effort and commitment during these difficult times.

Most recently in July 2020, the Board of Directors appointed Victoria as the substantive CEO. Victoria's experience in the banking and development sectors, her deep understanding of AECF's programmatic priorities, and her deep belief in the power of the private sector to bring sustainable impact to low-income households, makes me very pleased that she will be leading AECF as we move forward. I am eager to see what AECF will accomplish in the years ahead under her leadership.

To better reflect our organisational growth and strategic direction, in 2019, AECF made wholesale changes to its Board. The new Board brings together visionary and committed leaders from around the world, with the diverse expertise required to lead AECF into a stronger future and ensure a prosperous and enterprising rural Africa.

I for one, as newly appointed Chair of the Board, am proud to be part of an organisation such as AECF. Having worked for and advised a number of top international companies, including Unilever, Anglo American and Sasol, it gives me great pleasure to be involved in an organisation which aims to level the playing field for women in Africa and deliver such meaningful change on the ground.

Other new Board appointments were: Teklewold Atnaфу, one of Africa's foremost economists; Frank Braeken, a seasoned investor across the African continent; Enock Chikava, a prominent supporter of Africa's agricultural transformation; David Governey, an internationally experienced financial and operations professional; and Yana Kakar, a values-based investment specialist.

Execution, innovation and development

My personal vision is to make AECF the most respected development finance organisation in Africa. To achieve this goal, we will focus on delivering executional excellence across our existing portfolio projects, innovating to provide solutions for our investees and donors, and developing our talent internally. This last point is especially important; because only with good talent and good people will we be able to lay the ground and invest for future impact in the way we desire. We want to build a culture of engagement, wellbeing and high performance. A culture underpinned by stringent values – integrity, accountability, transparency and

fairness – that not only make AECF a great place to work, but a truly exceptional partner to our investees and donor organisations.

When I consider the strengths we are building, the systems we are creating to attract great businesses to our portfolios, it is clear we are heading in the right direction. With world-class programming, a tried and tested impact model, a new CEO and Board, and a wealth of expertise and evidence, I believe everyone at AECF can look to the future with confidence.



Hixonia Nyasulu
Chair of the Board

“My personal dream and vision is to make AECF the most respected development finance organisation in Africa. To achieve this goal, we will focus on delivering executional excellence across our existing portfolio projects, innovating to provide solutions for our investees and donors, and developing our talent internally.”



Women coffee farmers in Rwanda in a meeting organised by Dorman Coffee Company, AECF investee.

CEO statement

Preserving development gains, investing for future impact



Victoria Sabula
Chief Executive Officer

As we look back on the last year, from where we stand today facing a truly unprecedented global health emergency, I am starkly reminded how the precious gains AECF has made in recent years need to be constantly protected and sustained.

I am also confident that the time we spent during 2019 making sure AECF is fit for purpose as an independent, multi-donor fund manager, has resulted in a stronger, more resilient organisation. Our mission is to leverage the private sector to help solve challenges faced by some of the poorest communities in Africa. And during a pandemic, this mission becomes more vital than ever before.

In 2019, as various funding rounds came to an end, our portfolio teams in Nairobi, Abidjan, Dar es Salaam, and Harare said goodbye to several longstanding investees – companies we have seen grow over many years, and who are now ready for commercial investment. During this time, we also took the opportunity to reflect, implement measures to strengthen the organisation, and prepare the ground for new portfolio investments. It was a year in which we developed new partnerships and programmes, considered the strategies and relationships needed to drive AECF forward, and focused on investing for future impact.

While AECF has a mature and diverse portfolio, we are a relatively young organisation. Building an independent, genuinely African development finance body is essential to who we are, and 2019 was a crucial stage on this journey.

During the year, we worked to enhance our capabilities and improve internal efficiencies. We leveraged learnings from our legacy work and built the muscle required to keep pushing into fragile contexts such as Mali, Liberia, Somalia, and refugee camps in northern Kenya.

2019 highlights

It always makes me very proud to learn how many families we reach each year. In 2019, we captured data showing that we had exceeded our ten-year target of reaching 20 million lives by 2020, with 27.7 million lives reached. In the last 12 months, that translates as 1.6 million households directly benefiting from the services, jobs, and increased incomes created by the private sector. With 80% of our investees being small businesses, it truly shows the power of the entrepreneur with a big idea.

We measure our impact by looking at how many households are benefitting from the services our investees provide, how many jobs are being sustained or created, or simply how many households are buying our investees' products, such as solar home systems or essential food items. As someone who grew up in a village in Kenya, seeing many families struggle to access basic services like water, health, and education, these statistics have a very special meaning for me.

In particular, our Household Solar Programme really flourished during 2019. Funded by the UK Government's FCDO, this five year programme, now in the third year of operations, reached 44,000 households, improving access to solar home systems for off-grid communities.

After an eight-year funding cycle, our Zimbabwe, Research into Business, and Post-Conflict programmes all came to a successful close, signalling the end of a sustained period of project activity. As these programmes ended, we also secured funding to launch three ambitious new programmes, REACT Sub-Saharan Africa, Seeds for Impact, and Kakuma Kalobeyi Challenge Fund, and began the process of onboarding new investees. Through these new programmes, we will take on 180 new companies across sub-Saharan Africa in both the agribusiness and renewable sectors, while ramping up our interventions in fragile contexts.

We also launched the Investment Advisory Services unit which hosts the AECF Advisory Studio, a centre of excellence offering tailored and sophisticated advisory support to our investee companies.

Independent evaluation of our first decade

While we rigorously measure our own impact and those of our investees, we have also been undergoing external evaluation ourselves. In 2019, an independent consulting consortium published its final evaluation of our first ten years of programming from 2008 to 2018. Ecorys-Carnegie Consult were tasked with independently evaluating the results achieved by AECF and their findings truly validate our purpose as an organisation. We were shown to have had an impact at both the regional and sectoral levels – and that our focus on innovation, ‘end-beneficiaries’, and systemic change underscores the relevance of our strategy. Almost two-thirds of our funding was found to be fully additional – meaning we are fulfilling a unique role. The report concluded that almost 75% of our investee projects successfully reached their targeted beneficiaries.

These are encouraging findings, and we are committed to leveraging the insights, lessons and recommendations within the report.

COVID-19

Although COVID-19 did not emerge until after the period under review, at the time of writing, the pandemic continues to cause loss of life and impact economies, energy systems and agriculture. We have reacted quickly to the crisis and undertaken a deep risk analysis of our portfolio. We rapidly mobilised US \$2m in relief grants from the Swedish International Development Cooperation Agency (Sida) for energy access companies serving off-grid communities affected by COVID-19 in Kenya. We also worked with our long-term partner, Global Affairs Canada (GAC), to allocate relief funds for companies in our Agribusiness Africa Programme.

We will continue to assess how we can support future crisis response efforts linked to COVID-19, climate change, and other threats to lives and livelihoods in Africa, recognising more than ever the fragility of systems and the need to build resilience.

“It always makes me very proud to learn how many families we reach each year. In 2019, we captured data showing that we had exceeded our ten-year target of reaching 20 million lives by 2020, with 27.7 million lives reached. In the last 12 months, that translates as 1.6 million households directly benefiting from the services, jobs, and increased incomes created by the private sector. And with 80% of our investees being small businesses, it truly shows the power of the entrepreneur with the big idea.”

Future focus

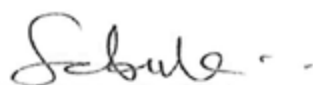
Looking ahead, our goal will be to continue delivering the high-impact work for which we are best known – providing catalytic funding and support to early and growth-stage companies in agriculture, clean energy access, and climate technologies to reach households with essential products and services. We will focus on expanding further into fragile contexts and pursuing our commitment of investing in women-led, women-focused businesses in rural and low-income communities.

We are also becoming more intentional in our efforts to provide specialised support to our investee companies, helping organisations to develop resilience and embrace innovation. These shifts in focus will be formalised in a new strategy, including a revised impact strategy and theory of change, which will be finalised in 2020.

Having been acting CEO of AECF during 2019, I was deeply honoured to be appointed to the role on a permanent basis this year. I am eager to work with all partners towards the alleviation of poverty in the sub-Sahara, to provide the opportunity of a better life to the rural poor and marginalised communities.

I believe AECF has remained true to its founding purpose, which was to make market systems work for the poor in sub-Saharan Africa. We remain committed to leaving no one behind, ensuring our investments provide opportunities for women and youth, and truly bringing the benefits of the private sector to low-income households.

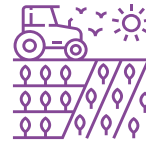
I hope you enjoy this report.



Victoria Sabula
Chief Executive Officer

Agribusiness Portfolio

Agriculture accounts for 32% of GDP in sub-Saharan Africa and employs 65% of the workforce. The sector has far greater potential than others to impact poverty reduction, as it enables smallholder farmers to personally reap return on investment from their most important assets – their land and their labour.



Total annual disbursements:

US \$4.2m



Closing the investment gap to drive agricultural transformation

At AECF, we believe that Africa's private sector holds the key to accelerating change. Across the continent, agribusiness SMEs are the main drivers of agricultural transformation. Supporting efforts to achieve food security for all, many of these SMEs reach and benefit smallholder farmers, either directly or indirectly. Within our agribusiness portfolio, AECF works to close the investment gap for such enterprises, mobilising catalytic funding and providing technical support to help boost productivity, reduce poverty, and improve lives.

Portfolio impacts

Our agricultural portfolio represents the largest and most mature of our investments, with a total of US \$183m raised to date. The portfolio has supported 189 companies across 26 countries in over 40 value chains that improve seed varieties and livestock vaccines, introduce new farming systems and agribusiness models, and provide financial, media and information services for agribusiness and agriculture.

In 2019, our agribusiness work achieved the following impacts:



Total number of households reached

566,407



Total number of people reached:

2,832,035



Total number of direct jobs created and sustained:

2,032

(53% female, 63% youth)



Average net benefit per household per year:

US \$132



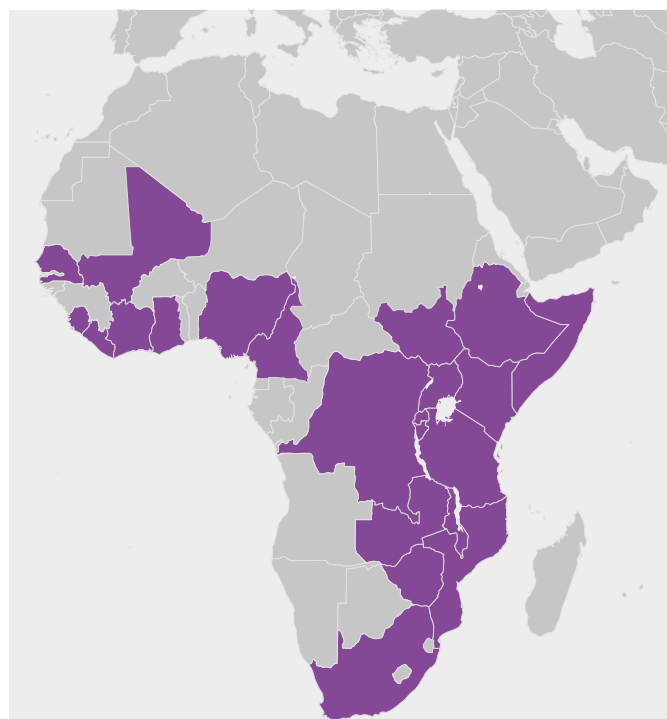
Total cumulative development impact per US \$1 invested

13.67



Total cumulative development impact per US \$1 invested and matching funds:

2.79



Since 2009, AECF's agribusiness work has supported **189 companies across 26 countries in over 40 value chains**. Following the closure of legacy programmes in 2019, we currently have **56 active investee projects**.

Portfolio activities

In 2019, AECF continued to support agribusiness SMEs and projects across East, West and Southern Africa. We provided catalytic investment to reach low-income households and vulnerable communities with improved inputs and training, resulting in increased primary agricultural production and farm-level income. Our support also led to improved access to markets for greater off-take potential and income security.

In recent years, several AECF programmes have come to the natural end of their funding trajectories. In 2019, this 'close out' process continued, reducing the amount of 'live' project activity within our agribusiness portfolio.

However, as some programmes came to an end, others began. During the year we implemented new plans, contracted new investee projects and, in early 2020, issued new disbursements as part of our efforts to invest for future impact.

Seeds for Impact update

Sowing seeds of prosperity

Across sub-Saharan Africa, lack of access to quality seeds keeps farmers locked in a cycle of low productivity and poverty. With initial funding from AGRA and the Syngenta Foundation for Sustainable Agriculture (SFSA), Seeds for Impact aims to tackle this issue, increasing the availability of improved seed varieties for different climatic conditions, soils and production systems. By scaling publicly bred seed varieties and innovative seed technologies, Seeds for Impact will help to reduce reliance on food imports and increase average incomes for smallholders.

Following programme design in 2018, in 2019 we completed the Seeds for Impact funding competition, awarding US \$2.9m to seven investees in Malawi, Mozambique, Kenya, Tanzania, Ghana and Nigeria. All investees have huge potential to drive access to improved seed varieties in their host countries.

Legacy Crop Improvement Centre in Ghana, for example, is focusing on the commercialisation of early generation seed, which is a major bottleneck in sub-Saharan Africa due to lack of funding and scale. Elsewhere, DA AllGreen Seeds in Nigeria is building its capacity to deliver clean yam seed to market through innovative aeroponics technology. Crop-beans, rice and climate-smart maize are some of the other target crops within this diverse and dynamic portfolio.

AECF looks forward to working with our new investees over the next five years. Together, we believe we can achieve major development progress through Seeds for Impact, which is expected to create 415 jobs and reach 55,047 households, with a cumulative average net benefit per household of US \$680.

Lasting legacies

Within our portfolio, we refer to certain programmes as 'legacy programmes'. These are programmes where funding agreements were solidified and competitions launched pre-2017, and where all funding has been disbursed to the investee. During 2019, three of our agribusiness legacy programmes continued to operate. These were:



AECF supports investment in modern machinery and equipment for agribusinesses to increase jobs and access markets.

Africa Agribusiness Programme

Funding catalytic agribusiness ideas and enterprises

Launched in 2012, and co-funded by the UK's Foreign, Commonwealth & Development Office (FCDO) and Sida, the Africa Agribusiness Programme funds business ideas in the agribusiness and financial services sector. It is a key legacy programme for AECF.

Round 1

The first round of the Africa Agribusiness Programme was due to end in 2018. However, with additional support from Sida, we extended the programme to 2020, looking to promote the inclusion and economic empowerment of women in business environments. Within this extension, our aim was to provide technical assistance and financing to companies that implement gender-sensitive business models. As a result, in 2019 we supported three companies from an application pool of investees: a women-focused company in Rwanda, C. Dorman Rwanda Ltd., a Nigerian health foods company, AACE Food Processing and Distribution Ltd., and a microfinance institution in The Gambia, Reliance Financial Services Ltd. For more information on our Gender Lens Investing strategy, please go to pages 20-23.

Round 2

Round 2 of the Africa Agribusiness Programme is co-funded by Global Affairs Canada and AGRA. The programme aims to help agricultural SMEs access appropriate financing to invest in inclusive and innovative business ideas. Designed to increase productivity, employment and incomes, this second round of activity is expected to benefit 500,000 rural households by the end of June 2020.

With 19 projects across 11 countries, in 2019 we continued to support Round 2 investees through the various stages of business development, with several notable successes. Kenyan mango pulp exporter, Best Tropical Fruits, took crucial steps towards agro-processing, breaking ground on a new operating plant which will help to increase output and stimulate local employment. Nedoil in Sierra Leone made progress in formalising women farmers' rights to land use and ownership, while Hills Global of Nigeria, NASECO of Uganda, and Stewards Globe of Zambia all achieved profitability. Overall, in 2019 Round 2 investee activities supported 630 jobs (45% for women) and benefitted 440,799 households, with US \$198 in additional average net benefit per household.



Employees sorting avocados for processing at Best Tropical Fruits, an AECF investee in Kenya.



Delivery of bananas by an East Africa Fruits Co. staff in Dar es Salaam Tanzania. The company is one of AECF's investees.



A small holder farmer receives an improved breed of goat from AECF investee, Zvikomborero Farms in Zimbabwe.

Tanzania Agribusiness Window

Boosting farm yields, jobs and income

Helping smallholder farmers increase yields is vital to their long-term success and sustainability. Our Tanzania Agribusiness Window (TZAW) was established to support agricultural businesses in Tanzania which create jobs and income in rural areas, principally by helping smallholder farmers boost on-farm productivity.

Funded by FCDO and Sida, Tanzania Agribusiness Window has been implemented through four rounds of competition to date. It encompasses 52 investees across a wide range of projects at different stages of investment, development and impact. In 2019, the programme entered a period of consolidation, with Round 2 projects reaching the end of their contracts, Round 3 projects continuing to scale, and Round 4 projects receiving their second or third disbursements.

During the year, we helped several investees reach major project milestones. Olivado Ltd, a pioneer in smallholder avocado cultivation, progressed to factory and processing. With strong links to smallholder farmers already established, the new factory has enabled Olivado to buy more raw produce from local communities. Its new processing

capabilities also mean it can receive greater offtake volumes of avocados that do not meet export standards, and increase value by processing the fruit down to oil.

We also helped to resolve regulatory issues for Live Support Systems LTD, enabling the company to take its live vaccine to market. With the company facing lengthy delays linked to lab testing and paperwork, our support helped to navigate regulatory obstacles, streamline bureaucracy and expedite the commercialisation process.

Overall in 2019, through investee activity we reached 137,048 beneficiaries and disbursed US \$3,816,482.

Closing time

During 2019, two of our agribusiness legacy programmes came to a close. These were:

Zimbabwe Programme

Supporting agriculture in a fragile market

AECF's Zimbabwe Programme was one of the longest running in our entire portfolio. Funded by FCDO and AUSAID, it provided support to Zimbabwe's agriculture sector during a period of economic instability, market system failure, civil unrest, and political change.

The Zimbabwe Programme focused on four key commodities: grains, poultry, horticulture and cattle, as well as financial services for the rural poor. Despite deeply challenging conditions, some of the companies we supported, especially poultry businesses such as Yelo Egg and Sable Park, developed core resilience; they continue to operate today and are in a strong position to benefit from future macroeconomic reforms.

Through our work in Zimbabwe, we demonstrated our commitment to providing vital support in high-risk environments. Reaching into a fragile political and economic context, where business survival alone is an achievement, we helped to surface several success stories. Overall, we committed almost US \$15.5m in funding to 28 companies, and disbursed just over US \$12.7m. As a result of our efforts, in 2018 (the last year of the programme), 182 jobs were sustained, and 117,858 households were better off by an average net benefit of US \$160.

Research into Business

Driving engagement with new technology

Our Research into Business Programme was funded by FCDO and USAID and focused on 17 projects across nine African countries.

The goal of the programme was to address dissatisfaction in the market and stimulate engagement with new technologies. Through significant investments in agricultural research systems across sub-Saharan Africa, we helped businesses deliver new agricultural research outputs – such as soil analysis, tissue culture bananas, gender-sorted semen, and urea super granules – directly into farmers' hands. Indeed, between 2010 and 2019, the successful commercialisation of these and other research products helped to accelerate the uptake of technological innovations among multiple smallholder communities.

It demonstrated AECF's drive to take R&D to market, and our willingness to take risks by testing scientific ideas 'beyond the lab' at a practical business level. In total, we committed just over US \$11m in funding to 16 companies, and disbursed US \$8.3m to 15 of these. Of those investees supported, Mediae, Agriprotein, Rugumbo, BLGG, Stokman Rozen and Brentec all made real progress. By the close of the programme in 2018, these investees and others had reached 348,683 households, which translates as 1.7 million people impacted, with an additional net benefit of US \$94 per household.



Linking rural producers to urban markets is crucial for food security and increasing incomes.

Future focus

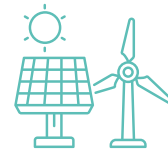
Looking ahead, our priority will be to leverage the lessons learned from our legacy agribusiness programmes and apply them to new programme development. For example, we know there are remarkable entrepreneurs operating in fragile contexts whose resilience inspires us to make a compelling case for continued investment in these markets.

We have learned the importance of intentionality in targeting beneficiaries, particularly women and young people, through tailored programme design. By designing programmes that specifically address the needs of women and young people, we can drive meaningful impact on the ground. We have also learned to identify the 'right entrepreneur' who, through their resilience, courage and passion, will work to overcome the challenges they face and create solutions for identified programmes.

The biggest lesson learnt from our legacy programmes is the value of technical advisory support in helping companies gain traction and scale. The centrality of technical assistance in AECF programming will continue to define our work with individual investees and markets.

REACT Portfolio

Today in sub-Saharan Africa, approximately 600 million people have no access to electricity, while 780 million people lack access to clean and improved cooking solutions.



Total annual disbursements:

US \$3.8m

Increasing access to clean energy and climate adaptation technologies and products

In the last decade, through our REACT portfolio, we have supported 78 companies across three regions and 19 countries, growing from US \$13m worth of funding commitment in 2010 to US \$166m in 2019. In this time, we have supported the development of over 15 technologies and products, including:

- **Off-grid Solar Home Systems**
- **Mini and micro-grids**
- **Biogas**
- **Energy kiosks**
- **Solar Water Pumps**
- **Dryland pasture value chains**
- **End-user financing for solar products and clean cooking solutions**

Solar home systems in Burkina Faso, AECF investee.

Clean cook stoves in production, AECF investee.



As Africa's population increases, we are seeing a corresponding increase in demand for alternative sources of light and power for households and communities. At the 'bottom of the pyramid', basic electricity is required to charge mobile phones, lights, and televisions. For small businesses, productive power solutions are needed to drive milling machines, solar pumps, and refrigerators to create a rural economy beyond mere subsistence. Meanwhile, clean cooking solutions are essential to free people from the drudgery of collecting firewood, mitigate health issues caused by indoor air pollution, and reduce environmental degradation linked to irresponsible deforestation and CO₂ emissions. To drive progress in these areas, investment in cheaper, cleaner off-grid energy solutions is essential.

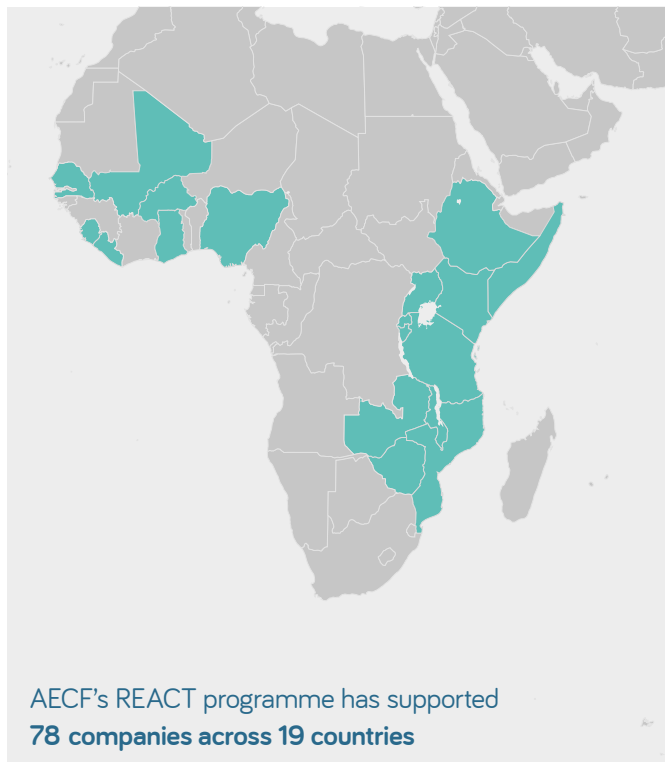
At the same time, households, communities, and businesses across Africa are becoming increasingly exposed to the effects of climate change, which poses a material threat to lives and livelihoods through drought and other extreme weather events. Urgent innovation is required in climate adaptation and mitigation to protect the development gains made in recent years.

REACT impacts

Due to the high costs of grid connection and the unreliability of electricity supply, the energy situation in sub-Saharan Africa is unlikely to change before 2025. New business models are therefore needed to meet the UN's target, enshrined in Sustainable Development Goal (SDG) 7, of achieving universal access to "affordable, reliable, sustainable and modern energy" by 2030.

"AECF has contributed to a significant systemic change in the off-grid solar home system market."

EMU Evaluation



AECF contributes to SDG 7 through its Renewable Energy and Adaptation to Climate Technologies (REACT) portfolio.

In 2019, our REACT projects achieved the following:



Supporting innovation in clean energy and climate-smart technology

Taking advantage of improvements in the regulatory and economic environment, through REACT we strive to de-risk innovation in clean energy and climate-smart technology. Our goal is to catalyse the private sector to increase the supply of cleaner energy and raise awareness of the dangers of indoor air pollution. We also aim to help demonstrate how the practical application of new knowledge in renewable energy can benefit the poor, especially women, and provide compelling evidence for shifts in policy.

In the area of climate change, we invest in proactive solutions designed to shape sustainable adaptation and growth paths for affected communities and markets. Over the last ten years, we have demonstrated how financing can be leveraged for adaptation through investment in climate-smart agriculture.

Through our work in arid and semi-arid lands (ASALs) in Kenya, for example, the provision of capital and technical

assistance to private sector companies has enabled the distribution of affordable low-gravity irrigation systems, fodder seed, and climate-based insurance.

One of our investees, Takaful Insurance of Africa Ltd, has introduced a scale-up insurance project to cover the Mandera, Garissa, Isiolo, Tana River, Marsabit, Moyale and Wajir Counties in Kenya. Providing cover for forage scarcity, the Index-Based Livestock Takaful product makes pay-out on reduced pasture, rather than livestock mortality, providing herders with much needed cash to help nourish and save their animals.

Another investee, FuturePump, received seed capital through AECF to support the manufacture and distribution of solar-powered irrigation pumps at affordable costs. This work has resulted in a tripling of incomes for smallholder farmers in Kenya and Uganda.

Elsewhere, we have supported the switch to climate-resilient crops, such as sorghum and cassava, and the adoption of adaptive measures, such as insurance, to reduce commercial risks. These efforts should, in time, help to catalyse the financial



An employee of Porceram, an AECF investee, making a ceramic firebox for an energy saving cook stove in Burkina Faso¹.

market for orphaned and climate-resilient crops. Indeed, climate change presents real opportunities for socioeconomic development, with resilience projects evolving into high-impact business models which can generate transformative industries.

In 2015, AECF provided seed capital to Equator Kenya Limited to help establish an export market for chilies. Working with smallholder farmers in semi-arid coastal Kenya, the company has introduced a technology package for chili production that combines water-saving drip-irrigation kits, high-quality seeds, safe pesticides and blended fertilisers tailored to local soil conditions, all available in small, affordable packs.

Portfolio activities

In 2019, we continued to leverage the strength of our legacy REACT portfolio, building on our past success in pioneering the PAYGO solar home system sector in East Africa. During the year, we focused primarily on project management. We surfaced new companies, secured investor approval, and supported negotiations with host-country governments, paving the way for activity and impact in 2020.

At the same time, across our live projects we continued to mobilise funds and expand access to clean, affordable energy and climate adaptation technologies, positively impacting low-income households in rural and peri-urban areas.

REACT Sub-Saharan Africa Programme

Expanding our reach, broadening our range

Our REACT Sub-Saharan Africa (SSA) Programme (2017-2023) aims to expand the reach and impact of our renewable energy activities. Through REACT SSA we are extending into West and Southern Africa, as well as exploring fragile states such as Somalia and Sudan, and nascent markets like Ethiopia. We are also broadening into a range of renewable energy technologies beyond solar home systems.

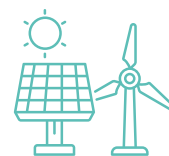
Funded by Sida, REACT SSA is our largest programme to date, with a total fund size of US \$63m. Its core outputs include:

- Building mechanisms to select and manage investees with the highest potential for transformational impact
- Establishing commercially viable clean energy businesses, out of which 25% will be women owned and/or managed
- Brokering, through AECF Connect, US \$20m of new commercial funding into renewable energy businesses
- Improving the policy, legal and regulatory environment for renewable energy businesses

By supporting the private sector to innovate and invest in diverse off-grid technologies, we are addressing key areas of need in sub-Saharan Africa. Indeed, while AECF legacy investments have played a key role in catalysing market-based approaches to basic electricity access, 600 million last-mile customers across the continent are still waiting. In West and Southern Africa, mobile money penetration is currently low and PAYGO solar infrastructure underdeveloped, presenting a high-risk market for investors. By providing matching grants to scale innovations, we are de-risking and expanding diverse business models to benefit off-grid, low-income households in countries such as Mali, Liberia, Burkina Faso, Zimbabwe and Mozambique.

We are also looking to accelerate the development of durable solutions for productive power and clean cooking. Successful market-based models for clean cooking and productive power from distributed electricity systems, such as mini-grids and larger standalone solar home systems, need bigger, bolder investment strategies in order to gain traction. Through REACT SSA, we are taking the next transformational leap into these areas and other energy models that link solar to mobility and information access.

During 2019, our main programme activities included conducting due diligence, finalising the selection process for companies in Burkina Faso, Liberia, Mali, Mozambique and Zimbabwe, and the completion of design activities for Kenya and Somalia.



REACT SSA is our largest programme to date, with a total fund size of:

us\$63m



Solar panels installed in Sahel, Mali by Africa GreenTec, AECF investee².

Relieving grid burden in Burkina

One important development during the year was the completion of negotiations with the Ministry of Energy in Burkina Faso regarding our REACT SSA Efficient Electrification Programme. Within West Africa, Burkina Faso is key to the emergence of a regional electricity market, linking the Sahel to countries such as Côte D'Ivoire and Ghana. Yet Burkina Faso has a national electricity access rate of just 18.8%. Funded by the Swedish Embassy, the Efficient Electrification Programme is designed to relieve the burden on the national grid supply through the installation and use of solar PV systems (1-10 KVA) with storage in households and SMEs. This project is expected to help improve grid power reliability, increase energy supply to large industry, and expand access to electricity in the urban and peri-urban areas of Ouagadougou, delivering a boost to the local economy.



A food stall owner using a clean cook stove – produced by an AECF investee, Poceram – in Burkina Faso.



During 2019, investees recorded
an overall development impact of:

US \$43.8m

inclusive of households reached and jobs sustained

REACT Household Solar Programme

Bringing solar energy home

Our REACT Household Solar Programme aims to increase energy access by promoting a market-based approach for private sector delivery of solar home system products and services. The programme's target countries all face rapidly increasing energy demands linked to demographics, socioeconomics, gender, resource access and utilisation. REACT Household Solar Round 1 has a total fund size of US \$10m, with ten companies supported to date from Zimbabwe, Zambia, Malawi and Sierra Leone.

During 2019, these investees recorded an overall development impact of 44,393 households or 221,065 people, exceeding our annual target of 40,500 and saving US \$1.9m in energy related expenditure. The total net development impact was US \$2.5m, which not only takes

into account benefits to households, but 279 direct jobs supported and wages paid. If revenues earned by micro-enterprises and rural entrepreneurs are also included, the total net development impact rises to US \$2.7m.

In terms of environmental impact, in 2019 the funded projects installed 0.62 MW of clean electricity capacity, against an annual target of 0.45 MW. This is equivalent to each household receiving an average of 14 Watt-peak in solar capacity, which enables a household to access Tier 1 electricity.

Future focus

Looking ahead, our priorities include onboarding new companies and continued support for our investees through technical assistance, including investment brokerage. We will continue to engage in prelaunch activities in our new markets of Somalia and Sudan, where we expect to launch our next competitions. We will also continue to conduct studies to inform practice and policy.



A family who have just received a solar home system installed by AECF investee in Burkina Faso³.

Driving business performance through Gender Lens Investing

Across Africa, the transformative impact of investments in agriculture and renewable energy are limited, and progress in these sectors frustrated by gender-based inequalities. Even though half the agricultural labour force in sub-Saharan Africa is female, women are still unable to access the resources, finance, markets, and technical assistance they need to succeed.



A businesswoman taking part in a workshop organised by AECF in Tanzania, 2019.

The AECF 2018-2020 Gender Lens Investing strategy aims to achieve:

- At least 50% of development impact accruing to women across the investment portfolio
- 40% of jobs created in these companies accruing to women
- 35% of portfolio companies being women owned/led
- 70% of jobs created by these companies held by youth

We know that investing in women pays dividends, as women spend 90% of their earnings on food, health and education. Research also shows that if women had the same access to productive resources as men, they could increase farm yields by 20-30% and reduce hunger by 12-17%. Therefore, to sustainably reduce poverty, improve nutrition and decrease maternal and child mortality, African agriculture must remove the barriers that constrain this vital 50% of the workforce.

AECF is committed to empowering women by addressing the structural imbalances and inequities that stand in their way. Our ambition is to reorient the investment process in order to find, nurture and grow businesses that are innovating to increase gender equality in rural and peri-urban areas.

In support of these goals, in 2018 we launched our Gender Lens Investing Strategy for Rural Prosperity. The decision to enhance our gender focus recognises that the full participation of women as producers, consumers, business owners and decision-makers is a potent force for change in Africa. Our Gender Lens Investing approach **integrates** gender analysis and hosts **inclusive** investment processes. In addition, it focuses on the inclusion of vulnerable and marginalised groups – youth and people with disabilities. The strategy also seeks to share **insights** on mainstreaming gender in private sector investments. It is an approach which aims to shift systems and markets to support the equal economic participation of women and men, and bridge the gender gaps within agribusiness and renewable energy.

AECF Gender Lens Investing programme performance

With support from Sida through our Africa Agribusiness Programme, we provided technical assistance and investment to three of our existing investee companies in Rwanda, Nigeria and The Gambia. Through top-up funding and guidance, we helped to strengthen gender strategies

and mainstream gender policies across each company's operations, resulting in positive impacts and outcomes. In Rwanda, our support for C. Dorman Rwanda Ltd led to over 3,000 women receiving training and business development in the traditionally male-dominated coffee market. In Nigeria, we supported AACE Food Processing and Distribution Ltd to engage women in food value chains, resulting in US \$202 in extra income for female-headed households. Meanwhile, in The Gambia, we helped Reliance Financial Services Company Ltd to leverage US \$750k in 2019 for women in rural and urban areas.

Technical assistance and insight

During the year, we worked to expand our Gender Lens Investing technical assistance to our portfolio companies through targeted training. Our training model comprises wholesale generic training around gender mainstreaming, provided by AECF's inhouse teams. We also bring in external experts to provide specialist training on local issues and contexts.

The first gender training cohort was the Tanzania-based investees implementing both REACT and Agribusiness projects. Tanzania has the largest number of active AECF investees, and this was considered a good cohort with which to test and improve the training before rolling it out to others. The first training session took place in Dar es Salaam, with 46 participants in attendance and support from FCDO Tanzania.

The second cohort was the Agribusiness Africa Window Round 2 investees, with 52 participants in attendance spread across Burundi, DRC, Kenya, Malawi, Mozambique, Senegal,

Sierra Leone, Uganda, Tanzania, Zambia and Zimbabwe. As a result, numerous companies came forward to request technical assistance on integrating Gender Lens Investing into their business models. These include development of gender policies and strategies by Kazang Solar in Zambia, gender integration across the seed value chain by Stewards Globe, and helping women to take on the traditionally male job of truck driving by DSM Corridor in Tanzania.

Investing in women-led and women-owned businesses

In 2018 and 2019, AECF received seed funding from the United Kingdom to research and design a potential future challenge fund for investing in women. The funding enabled us to embed our commitment to gender mainstreaming across the organisation. We also conducted market studies in Ethiopia, Sierra Leone, Côte D'Ivoire, and Burkina Faso and identified women-led businesses that could benefit from impact financing and technical support. While FCDO will no longer be supporting this particular initiative, we are in discussions with other potential partners and are completely committed to mobilising resources for women-led enterprises in Africa. Given the huge funding gaps and deficits that continue to exist for women in business, this is a crucial focus area for us.

Future focus

Looking ahead, we will continue to broaden our gender strategy to include youth and people with disabilities, with a core focus on creating employment and supply chain opportunities, as well as challenging the market to design user-friendly products for these communities.



Participants in a workshop organised by AECF in Tanzania in 2019.

The key take-away from investees included:

- Gender-smart solutions are mutually reinforcing and there is first-mover advantage through improved reputation and early experience.
- Any strides made towards gender integration in business will produce unexpected insights for scaling.
- The most challenging gender contexts are often those with the most potential upside.
- Integrating gender early can lead to better staff retention, and improved reputation with investors and local communities.

Gender Inclusion in Action

AACE Food Processing and Distribution Limited, an AECF investee, is an indigenous Nigerian company established in November 2009. It processes, packages and distributes nutritious products made from West Africa's fruits, herbs, vegetables and cereals.



Engaging women in food value chains

AACE FOOD PROCESSING
AND DISTRIBUTION LTD

NIGERIA



The company sources its produce from more than 10,000 smallholder farmers across Nigeria, almost a third of whom are women. It supports farmers through training and access to microfinance, inputs and storage technology. It also operates a grassroots network of women microentrepreneurs, called 'Our Mama', who sell AACE Foods products door-to-door.

In 2018, AACE Foods contracted with Unilever Nigeria to deliver 40 metric tonnes of turmeric and began discussions with Unilever South Africa and Nestlé Nigeria. Recognising the need to ramp up production, AACE Foods proposed to integrate women more fully within its food value chains, bringing an additional 2,000 female farmers and workers onboard.

In March 2019, applauding these efforts, AECF accepted AACE Foods' proposal and awarded the company a grant of US \$375,000, with AACE Foods investing matching funds of US \$125,000.



Toyin Abiodun

(Pictured: second from the left)

AACE Foods factory worker Toyin enrolled in the company's three-month adult literacy programme in 2019. She also received top-up training in packaging machinery. She can now read, write and speak English, and has increased her salary by 52%.

"I now understand some of my children's schoolwork, and I am able to help them with it. This has made me a very happy woman."



Impacts and achievements

A year on, AACE Foods has made real progress. The project has already benefited 390 female-headed households and 4,301 households in total. In 2019, each household earned an extra US \$202, totalling US \$870,737 in additional smallholder income. AACE Foods continues to recruit, train and employ women; in one district, the company has engaged 2,500 female farmers to produce ginger and turmeric, while across its operations it has ensured women represent at least 30% of its workforce. The company has also boosted its bottom line, meeting its goal of US \$1.5 million in sales for 2019 and increasing its annual net profits.

Investing in fragile contexts, pushing innovation frontiers

As part of our commitment to using the challenge fund approach to help the poorest communities, we are continually looking to explore new markets and surface new companies in Africa's most fragile states and contexts. With a strong track record in entering nascent markets, we are able to de-risk and attract investment that creates a positive cycle of impact and sustainable change.

AECF's high-risk appetite to drive innovation in agribusiness, energy access and climate change adaptation also results in the funding of businesses and next-generation technologies in more challenging markets and geographies. Steering a course to meet both development and business targets will require us to push the innovation frontier further and faster. As we strive to deliver innovations to remote communities, we are forming ambitious new partnerships and leveraging multilateral grants to drive future impact from 2020 onwards.

Increasing opportunities for refugees and host communities

Since 2012, AECF has invested US \$15 million in 23 private companies and SMEs providing transformative agribusiness and renewable energy solutions in DRC, Sierra Leone, Liberia, Zimbabwe and South Sudan. Our investment in these and other fragile, frontier markets has benefitted over 4 million people, created 795 additional jobs, and generated US \$5.8m in wages, for a total benefit of around US \$25.6m. Meanwhile, our Sida-funded Post-Conflict Programme, which came to an end in 2018, benefitted almost 350,000 people annually.

In 2019, we entered a major new partnership with International Finance Corporation to support displaced populations and their host communities in northern Kenya. The Kakuma-Kalobeyei Challenge Fund (KKCF) is a competitive financing mechanism for disbursing donor funding to incentivise companies, social enterprises, and local and refugee entrepreneurs to start or scale operations in the Kakuma-Kalobeyei area.

In recent years, refugees from half a dozen African conflicts have, together with their host community, created in Kakuma an urban area equivalent in size to Kenya's seventh-largest city. This urban area is a bustling US \$56m market, home to around 250,000 people, including over 190,000 refugees, thousands of businesses, entrepreneurs, and discerning consumers.

Attracting the private sector to the area and supporting local entrepreneurs has the potential to expand job opportunities, improve services, increase choice, and reduce prices. In turn, these efforts could enhance the self-reliance and socioeconomic integration of both refugee and host communities, while also contributing to local and regional development. The programme will be launching the first competitions in late 2020, with AECF acting as implementation partner to International Finance Corporation.



A workshop in Kakuma-Kalobeyei area. KKCF is designed to support private sector investment and unlock the economic potential of refugees and their hosts, in Kenya's Turkana County⁴.

Entrepreneurship and climate adaptation

Global trends and experiences have shown the catalytic potential of technology innovation in addressing the challenges of climate change mitigation and adaptation. Climate change also offers opportunities for economic growth through the creation of new industries, jobs and business models.

In April 2019, AECF and the United Nations Industrial Development Organization (UNIDO) established a strategic partnership to support climate and clean energy innovation and agribusiness development in post-crisis and post-conflict countries. Joint activities will focus on the acceleration of climate adaptation technologies and business innovation in agriculture value chains. Through a blended finance approach, the collaboration seeks to unlock the ingenuity of SMEs and entrepreneurs who are driving the transition to low-carbon, climate-resilient industries in our partner countries.

This work builds on deep expertise from our REACT Solar Homes and REACT Sub-Saharan Africa programmes (see pages 14-19), which look to provide catalytic investment for climate change adaptation and clean energy solutions. As we expand further into these areas, we expect to contribute to a thriving and robust private sector that will stimulate green economic growth in Africa. Through this work, we also aim to achieve future development impacts by helping vulnerable communities build resilience to climate shocks and extreme weather events.

Finance for Inclusive Growth in Somalia

During 2019, we began discussions with the EU about designing a pipeline programme in Somalia that builds on our success of supporting microfinance institutions in that country to reach smallholder farmers and rural entrepreneurs. The objective is to revitalise and expand the local economy, with a focus on livelihood enhancement, job creation and broad-based inclusive growth for Somali women, youth and producer groups.

Somalia remains a fragile country, despite a sustained period of political, economic, and security-related progress since 2011. Consequently, the country has a unique opportunity to transform from decades of conflict and fragility, and the Government is demonstrating strong commitment to wide-ranging institutional and socio-economic reforms.

Most financial institutions consider productive sectors in Somalia too risky, especially agriculture, as most agricultural production is located in rural areas or areas under the control of extremist groups. AECF addressed this issue by designing a programme that shares the risk with the participating microfinance institutions. The programme offers tailored financial products, revolving capital and partial guarantee facilities for those targeting rural women, youth, and producers. In addition, it will build the capacity of financial institutions to target women and youth in hard-to-reach areas, while providing financial literacy training to rural communities.

The Finance for Inclusive Growth in Somalia programme is due to start towards the end of 2020, having been delayed due to the COVID-19 pandemic.

Future focus

We are looking forward to delivering these ambitious, high-impact programmes with our partners, especially our private sector partners who are rising to the challenge of delivering sustainable benefits to the poorest households with ingenuity and professionalism. Together, we are committed to leaving no one behind as we strive to achieve a prosperous and thriving Africa.

Helping high-potential companies to thrive

Only businesses that are sustainable can meaningfully contribute to the elimination of poverty. To help companies scale and sustain their efforts so more communities can benefit from the pro-poor services they offer, since 2014, we have been providing dedicated technical and investment support.

Our Investment Advisory Services function provides dedicated technical assistance and investment facilitation to investees across our portfolio. From our past programmes, we know that technical assistance needs to underpin every stage of the investment journey. To this end, we provide fit-for-purpose technical support for individual companies, sectors and markets.

On the investment facilitation side, we seek to connect our graduate companies – those that have gained traction and are ready to scale – with investors who can provide follow-on capital. Our aim is to prevent these companies from falling into the ‘valley of death’, where all efforts to progress meet an untimely end. We help them move beyond patient capital and find investors who identify with their vision, buy into their plans, and are ready to take them to the next level of growth and development.

Advisory

During 2019, we put in place robust tools to guide our Advisory (Technical Assistance) work in business diagnostics and technical assistance prioritisation. We also completed capacity needs assessments for nine REACT investee companies across Sierra Leone, Malawi, Zimbabwe and Zambia. These assessments identified priority needs in the areas of business strategy and financial modelling, operations and HR, and we tailored our technical assistance accordingly.

Within our agribusiness portfolio, we completed capacity needs assessments for eight companies in our Seeds for Impact programme. These assessments took place in eight separate countries: Kenya, Tanzania, Nigeria, Mali, Burkina Faso, Ghana, Mozambique and Malawi. It was great to see strong evidence of technical capabilities in seed production, agronomy, breeding and crop science. However, if companies are to be truly successful, these capabilities need to be combined with business strategy, financial modelling, marketing and sales, and financial management. Such services will be provided by Syngenta Foundation, one of our key Seeds for Impact programme partners.

Investments

We consider our work successful when companies we have helped to de-risk attract external investment for further expansion. In 2019, a company from our Tanzania Agribusiness Window, East Africa Fruits, secured follow-on funding from the Larry Ellison Foundation and the Goodwell Foundation. In addition, 16 AECF portfolio companies are currently seeking a total of US \$26.5m and are engaged in conversations with potential investors, with some introductions having taken place.

During the year we continued to scope the ecosystem for investors that align with the sectors we work in and the companies we support. To help prepare portfolio companies for investor engagement, we developed an investment readiness assessment tool which helps us understand how best to support all our portfolio companies through their investment journey. As a start, we assessed about 11 companies from one of our programmes – REACT Household Solar Round 1 – to identify potential gaps and needs. Moving forward, the tool will be used to evaluate the level of support required to achieve investment readiness across our portfolio, starting with improving operational efficiency and growth strategies.

We also supported the delivery of the Africa Agribusiness Programme Round 2 Exchange and Learning forum, designing an investment readiness session which included two pitch presentations and live feedback from investor representatives.

Future focus

Looking to 2020 and beyond, we will continue to provide our dedicated technical assistance, investment facilitation and brokerage services.

In 2019, we launched the AECF Advisory Studio, a centre of excellence providing world-class technical assistance to our companies. In 2020, we will be mobilising resources for the Studio and building our in-house consultancy expertise. And we will continue to build on the lessons we have learned about the importance of technical support for early-stage companies. We will therefore be complementing our provision of finance with technical assistance in the following areas: finance, fundraising, strategy development, and leadership and organisational development.

Centres of excellence

Underpinning our core Investment Advisory Services are three internal centres of excellence designed to ensure successful execution:

AECF Advisory Studio (the Studio) is a centre of excellence providing world-class technical advisory support to our investees from strategy and business growth to corporate governance, and investor readiness. The Studio brings together in one place a team of experts that has the skills and expertise in the operational areas that our investee companies require support, and draws on our extensive understanding of the business development services needed by early to growth stage companies. Our specialists also coach entrepreneurs to enhance their leadership and talent management, with the overall goal of improving their operational efficiency and growth potential.

AECF Exchange enables us to share information and learnings with different stakeholders. This process happens both physically and virtually. In 2019, we accelerated the development of our online AECF Exchange platform to engage more deeply with investees through virtual training and dialogue.

Product Innovation & Development investigates new products and markets. It uses R&D to explore delivery models, partnerships and flexibility offerings across our existing and future product range. Aiming to enhance efficiencies and effectiveness in the delivery of Investment Advisory Services, this centre of excellence aligns with shifting market and client needs to help strengthen and build partnerships.

Our portfolio

Here we showcase investee success stories from across our Agribusiness and REACT portfolios. In order to reflect the range of the AECF investment trajectory, we have divided our case stories into three categories: **Innovate, Accelerate** and **Graduate**.



Innovate

Innovate is the start of the journey, the point at which we welcome new high-potential businesses and start-ups. Guiding these early-stage investees through planning, programme design and first disbursement, we pave the way for a long and fruitful relationship.



Green Engineering Services

BURKINA FASO

Green Engineering Services provides cleantech solutions in Burkina Faso. Supplying and installing solar equipment, the company provides electricity, solar irrigation, water pumping and purification in remote and rural areas. Its platforms enable people to engage in multiple activities, such as battery and phone charging, cereal crushing and milling. With AECF's support, it hopes to reach 100 households, generate economic opportunities for 49 women-owned businesses, and create up to 24 new jobs.

– AECF investment:
US \$500,000



Africa GreenTec

MALI

Africa GreenTec is a cleantech company supporting the electrification of rural Mali. Specialising in the design, build and operation of solar mini and microgrids, Africa GreenTec brings grid-quality power to households and small businesses as the start point for sustainable development. Through AECF funding, the company aims to deploy its solar mini-grids to Kayes and Mopti to meet unmet energy needs in these insecure and hard-to-reach areas. Their target is to reach 50 villages, benefiting 630 households and 70 small businesses in total by 2024.

– AECF investment:
US \$650,000



KEY:



AGRIBUSINESS



REACT



CLIMATE



FINTECH



Katene Kadji

MALI

Katene Kadji provides clean, energy efficient cooking solutions to households in Mali. Promoting the use of ethanol, Katene Kadji is committed to reducing deforestation and relieving pressure on wood energy, while enabling households to decrease charcoal costs. Ethanol also provides cleaner combustion while reducing indoor air pollution. With AECF's help, Katene Kadji aims to distribute 22,400 ethanol stoves to 22,400 households.

– AECF investment:
US \$450,000



Da-Allgreen Seeds

NIGERIA

Da-Allgreen Seeds is a Nigerian company specialising in the production, processing and marketing of field crop and vegetable seeds. It sells fresh vegetables and herbs, markets vitamin A-fortified cassava, and offers open-pollinated crop varieties and hybrids. Da-Allgreen Seeds recently entered into yam tuber production, introducing aeroponics technology to its processes. Its aim is to dramatically increase the supply of clean, improved planting materials, addressing a major pain point for Nigerian yam farmers. With AECF's financial and technical support, the company hopes to reach 30,000 smallholder farmers with increased annual income of US \$780, while creating 67 jobs.

– AECF investment:
US \$500,000



Best Tropical Fruits

KENYA

Best Tropical Fruits is a start-up fruit pulp processor specialising in greenfield agricultural sector projects. In Kenya, the company has installed a mango processing and avocado oil line, looking to support agricultural economies, boost employment, and create local markets with low transportation costs. With AECF's help, Best Tropical Fruits has strengthened the local fruit value chain, mobilizing 6,000 smallholder farmers, providing extension services and training, and helping to improve output quality and reduce post-harvest losses. With the new processing factory now set up, Best Tropical Fruits is providing a sustainable market while aiming to reach an additional 5,000 farmers by the end of 2021. The factory is also located in rural areas, close to farmer production. This helps to reduce transportation costs and increases local economic opportunities, with the aim of creating 60 jobs by the end of 2021.

– AECF investment:
US \$620,000





Accelerate

Accelerate covers the midway stage of our journey with investees. It refers to the period when companies begin to hit their stride, scaling their innovations and expanding their development impact. Having successfully navigated the early years of business activity, these are the rising stars of the AECF portfolio.



AfriFruta

MOZAMBIQUE

AfriFruta builds and manages fruit supply chains in Inhambane, Mozambique. Through direct sourcing and extension and buying stations, AfriFruta has reached over 2,000 local smallholder farmers, connecting them to local and international markets. It also provides technical support to ensure standards are met, and actively engages local women in agriculture. In fact, over 80% of its farmer base are women. With additional funding from AECF, AfriFruta is setting up an ultra-modern processing facility, complete with FSSC 22000-certified processing lines, and has created 110 new jobs, 88% of which are held by women.

– AECF investment:
US \$450,000



Nedoil

SIERRA LEONE

Nedoil operates a palm oil mill in a remote area of central Sierra Leone. The company buys palm fruit branches from local smallholders, and helps them obtain organic certification. This enables Nedoil to export certified palm oil to Europe, while providing regular income for local farmers and helping to formalise land ownership. Nedoil aims to introduce the Roundtable on Sustainable Palm Oil Production (RSPO) to Sierra Leone by establishing a grower network of 3,500 smallholders. To date, Nedoil has helped 2,142 smallholder farmers obtain organic certification, securing higher prices for their production and increasing incomes by US \$100 per annum on average.

– AECF investment:
US \$500,000





Zvikomborero Farms

ZIMBABWE

Zvikomborero Farms is an agricultural company with farming operations 120km south of Harare in Zimbabwe. The company specialises in healthy, organic, affordable, and nutritious meat and crop products. Zvikomborero's work provides structure to livestock trading, addresses the shortfall in breeding stock, and actively engages women in farming. Now, the company is developing a livestock value chain for stud and commercial breeding of imported cattle and goats. It has provided 578 farmers – 60% of whom are women – with improved breeding stock. Thanks to Zvikomborero's services, these farmers have achieved an average increase in annual income of US \$1,156.

– AECF investment:
US \$300,000



WidEnergy

ZAMBIA

WidEnergy is a women-led enterprise focusing on last-mile distribution of energy resources in Zambia. The company aims to empower African women as the champions of clean energy and climate activism. It promotes sustainable energy for lighting and cooking to help boost health, education and household income. With AECF's support, WidEnergy is installing solar home systems and opening service centres, while adapting its model for low-income customers. In 2019, WidEnergy provided low-cost clean electricity to 2,300 households, and powered 250 small businesses.

– AECF investment:
US \$500,000



Zonful Enterprises

ZIMBABWE

Zonful provides solar home systems and income-generating appliances to rural communities in Zimbabwe. Expanding access to affordable clean energy, it eradicates the use of kerosene and candles, while providing households with radios and television sets. As a leading PAYGo Solar provider, Zonful is expanding its reach and offering affordable credit models and repayment schemes, enabling low-income customers to benefit from these high-quality solar energy solutions. To date, Zonful has provided improved energy access for over 20,000 households and created 45 jobs.

– AECF investment:
US \$1,000,000





Graduate

Graduate is the final stage in the AECF funding journey. Investees that make it to this point are proven success stories, having innovated, scaled their operations, and achieved meaningful impact among target communities. They are attracting additional funding beyond AECF grants and loans, and continue on their growth trajectory.



EthioChicken

ETHIOPIA

EthioChicken is a leading poultry breeder and hatchery based in Northern Ethiopia. Distributing live chickens that thrive in village environments, the company is committed to improving rural nutrition and livelihoods, looking to bring a chicken to every family in Ethiopia by 2021. With crucial support from AECF, EthioChicken has been able to produce poultry that are affordable, disease resistant and productive. It has reached 621,399 households, impacting over 3 million lives. EthioChicken was also able to set up its operations and test its model, enabling the business to raise US \$10.75 million in follow-on growth capital. It now plans to increase its productivity and efficiency, while replicating its model in other countries to further expand its impact.

– AECF investment:
US \$935,000



Kaah Islamic Microfinance Services

SOMALIA

Kaah Islamic Microfinance Services provides enterprise financing and savings services to low-income Somalis and small businesses. Based in Hargeisa, the company runs operations through its 13 branches throughout Somaliland, Puntland and Southern and Central Somalia. Following a successful application for funding from AECF, Kaah designed and launched a new microfinance programme which included microcredit and micro-savings services. It reached 79,960 beneficiaries, targeting women-headed households and Kaah is now one of the leading microfinance institutions in Somalia.

– AECF investment:
US \$750,000



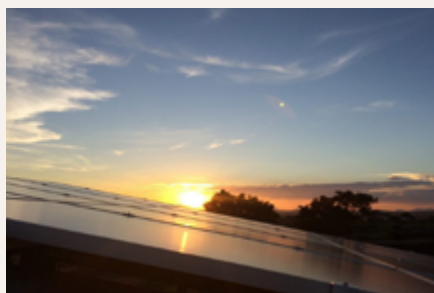


Habo Fish and Tuna Canning Factory

SOMALIA

Habo's core business is the canning of tuna caught by local fishermen in the Gulf of Aden. The company is a leading producer, distributor and marketer of shelf-stable seafood products. Recognising their potential to increase incomes, AECF worked with Habo to develop an extra canning line for sardines so it could operate throughout the year. With AECF's investment, the company increased capacity, electricity supply and processing space, driving up local market demand and income potential. The company reached an additional 612 households with AECF's support, providing an average annual income of US \$603 per household.

– AECF investment:
US \$1,000,000



PowerGen Renewable Energy

KENYA & TANZANIA

PowerGen is a micro and mini-grid developer specialising in off-grid facilities in East and West Africa. They install alternating current solar micro-grids in communities. With seed capital from AECF, PowerGen accelerated the uptake of mini-grids, reaching over 2,000 households and increasing revenue generation capacity for about 1,800 small businesses. The company is now a major leader in this sector and has attracted further funding to pioneer long-term mini-grid projects at scale. Powergen's presence in rural villages enables children to study at night without the use of paraffin, and businesses to operate longer and stimulate the local economy. Hospitals are also now able to work 24/7 and purchase lifesaving equipment.

– AECF investment:
US \$1,468,000



Futurepump

KENYA

Futurepump is a renewable energy company that designs and manufactures solar-powered water pumps, harnessing the strength of distribution partners to deliver service to rural households. Using the pumps, farmers can grow vegetables in and out of season, support agricultural productivity, and bolster climate change mitigation and adaptation. With AECF's early investment, Futurepump was able to directly reach over 4,500 smallholder households and created more than 20 fulltime jobs. It continues to broaden its product and distribution range, expanding its geographical reach to other East, West and Southern African countries. Recognised by the prestigious Ashden Award and winning the category for International Sustainable Energy and Water, Futurepump is leading the race for affordable micro-solar irrigation.

– AECF investment:
US \$750,000



The AECF Board

AECF's Board of Directors is a governing body with legal duties and responsibilities. As the governing body for AECF, the Board is legally accountable for the organisation and is required to act in the best interests of AECF's stakeholders, employees and the public good. In support of these goals, the Board provides strategic leadership for the organisation, maintains independent oversight of its financial and programmatic performance, and ensures effective management and governance. In carrying out its mandate, the Board is supported by several committees, including:

Governance and Nominations Committee

The Governance and Nominations Committee is responsible for developing and annually updating plans relating to Board composition, and reviewing directors' compensation packages. It also oversees the human resources aspects of the organisation, ensuring proper succession planning and compliance with statutory and labour-related best practices.

Program Committee

The Program Committee is responsible for advising the AECF Board and senior leaders on suitability of AECF mission and strategy. It provides oversight over investments and monitors AECF's impact with a view to ensuring attainment of the company's strategic goals.

Audit, Finance and Risk Committee

The Audit, Finance and Risk Committee provides AECF's Board of Directors, donors and stakeholders with reasonable assurance that AECF's financial reporting, internal controls and risk management meet the highest standards. It also ensures that AECF complies with all relevant laws and regulations.

Members of the Board



Hixonia Nyasulu
Board Chair



Teklewold Atnafu
Board Member



Frank N. J. Braeken
Board Member



Enock Chikava
Board Member



David Governey
Board Member



Yana Kakar
Board Member



Duncan E. Onyango
Board Member



Victoria Sabula
Chief Executive Officer

Statement of comprehensive income for the year ended 31 December 2019

	Notes	2019 USD	2018 USD
Revenue			
Grant Income	4	13,777,724	15,458,342
Foreign currency translation gain/ (loss)	17	247,670	(483,232)
		14,025,394	14,975,110
Expenses			
Investments to Companies			
Disbursements to investees	5	6,781,247	8,193,496
Technical Assistance		35,262	36,295
AECF Connect	6	119,895	328,383
Total Investments to Companies		6,936,404	8,558,174
Operational Costs			
Staff Costs	8	3,794,124	3,022,666
Travel Costs	7	603,654	792,156
Consultants & Professional fees	7	1,029,252	1,500,126
Conferences, Meetings & Seminars	7	188,879	291,329
Office Expenses and Services	7	716,713	685,182
Governance costs	7	201,123	168,477
Expensing of asset additions	11	174,250	89,800
Total Operational Costs		6,707,995	6,549,736
Evaluation Management Unit Costs	10	133,325	350,432
Total Expenses		13,777,724	15,458,342
Surplus /(Deficit) before tax		247,670	(483,232)
Income tax	18	-	-
Surplus /(Deficit) for the Year	17	247,670	(483,232)

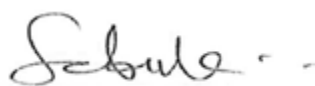
Statement of financial position as at 31 December 2019

	Notes	2019 USD	2018 USD
Assets			
Non-Current assets			
Property and equipment	11	-	-
Current assets			
Cash and cash equivalents	12	26,108,641	18,414,586
Receivables and prepaid expenses	13	9,326,044	18,417,304
Due from Donors	15	4,981,679	2,352,307
		40,416,364	39,184,197
Total assets		40,416,364	39,184,197
Fund balances			
Deferred income – short term	15	20,824,066	14,770,827
Deferred income – long term	15	16,198	1,553,797
Revolving fund	15	8,625,040	6,143,207
Foreign currency translations fund	17	(168,198)	(415,868)
		29,297,106	22,051,963
Current liabilities			
Accounts payable and other liabilities	16	11,119,258	17,132,234
Total fund balance and liabilities		40,416,364	39,184,197

The financial statements were approved by the Board of Directors on 6 May 2020 and signed on behalf by:



Hixonias Nyasulu
Board Chair



Victoria Sabula
Chief Executive Officer



Image credits:

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Image 2 (p18) – Photo by Africa GreenTec

Image 3 (p19) – Photo by Kio & Co. Agence Audiovisuelle

Image 4 (p31) – Photo by IFC



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