



Taking the Lead

Building a prosperous,
enterprising and resilient Africa



About AECF



The AECF (formerly the “Africa Enterprise Challenge Fund”), is the leading African-based development organisation that supports innovative commercial businesses in the agribusiness and renewable energy sectors with the aim of reducing rural poverty, promoting resilient communities and creating jobs. AECF has raised over US\$ 400 million to date and provides catalytic funding to enterprises in 26 countries in Sub-Saharan Africa by investing in businesses that struggle to meet traditional risk-return standards for commercial investors.

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, European Union, and international finance institutions such as the Consultative Group to Assist the Poor (CGAP), International Fund for Agricultural Development (IFAD), and International Finance Corporation (IFC).

In 2021, AECF launched a new strategy with the objective to build resilience and sustainable incomes for rural and marginalised communities in Africa. Through catalytic funding, we help surface and commercialize new ideas, business models, companies and technologies designed to increase agricultural productivity, expand energy access, and alleviate poverty while also addressing the crosscutting themes of women and youth. AECF is committed to working in frontier markets, fragile contexts, and high-risk economies where few mainstream financing institutions dare to go.



Our Delivery Model

AECF targets Small and Growing Businesses (SGBs) with financing needs under US\$ 2 million, and in 2021, introduced a lower ticket size category of US\$ 25,000 - US\$ 100,000 to complement the existing range of US\$ 100,000 - US\$ 2,000,000 used to date.

Businesses and business proposals are selected on the basis of their commercial viability, innovation and potential development impact on the rural and marginalised communities. To ensure AECF does not crowd out other sources of finance, investees co-finance the total cost of the project, with the exception of youth/women-focused and businesses in fragile contexts.



For more information on AECF, please get in touch with us on info@aecfafrica.org or visit www.aecfafrica.org

AECF's Impact



We Deliver High Impact

AECF has benefited over 30 million rural and marginalised people across Africa created and sustained close to 27,000 jobs while avoiding over 1.4 million tonnes of CO₂ emissions equivalent.



We Leverage Additional Funding

Since 2008, AECF has committed over US\$ 220 million to 375 companies, in 26 countries and leveraged an additional US\$ 771 million from private sector commitments.



We have an Effective Delivery Mechanism

AECF has successfully developed and scaled more than 40 agribusiness value chains, 10 renewable energy technologies and improved sustainable electricity access to households.

Our Portfolio Reach

AECF has investments in over 375 businesses in 26 countries across Africa including:

East Africa 184 businesses

Burundi
Kenya
Rwanda
Tanzania
Uganda

Horn of Africa 35 businesses

Ethiopia
Sudan
South Sudan
Somalia

West Africa 70 businesses

Burkina Faso
Cote d'Ivoire
The Gambia
Ghana
Liberia
Mali
Nigeria
Senegal
Sierra Leone

Southern Africa 85 businesses

Malawi
Mozambique
South Africa
Zambia
Zimbabwe

Central Africa 10 businesses

DR Congo
Cameroon



Our Impact

Agribusiness Portfolio



Raised US\$ 220 million in funding and supported over **200 companies** across 26 countries in Sub-Saharan Africa.



Over **20 million rural and marginalised people** have benefited from AECF's investment in agribusinesses.



17,586 jobs created and sustained by the agribusiness portfolio companies.



Leveraged over **US\$ 390 million in co-financing and follow-on funding** from the private sector.



Successfully developed and scaled both new and existing business models in more than 40 value chains including: avocados, bananas, coffee, cocoa, maize, macadamia, soya, peanut, moringa, patchouli, cassava.



Significant impacts on market systems, resulting in increased agricultural productivity, improved food production and security.



Renewable Energy Portfolio



Raised US\$ 182 million in funding committed to **175 companies** across 19 countries in Sub-Saharan Africa.



Leveraged **US\$ 373 million in co-financing and follow-on funding** from the private sector.



Provided improved access to clean sustainable energy for over **10 million people**.



9,218 jobs created and sustained by the renewable energy portfolio companies.



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



Assisted in preventing the release of over **1.4 million tonnes equivalent of CO₂** emissions.



Installed **36 Mega Watts (MW) of clean energy capacity** through portfolio companies.



How we Work



Agribusiness

Agribusiness plays a vital role in Africa's economic development, contributing over 25% of the continent's GDP and 70% of jobs as well as foreign exchange and food security. Challenges include accessible markets, storage facilities, limited regional trade, and poorly developed off-take markets. Sub-Saharan Africa needs upwards of US\$ 8 billion just for basic storage – excluding cold chains – eight times as much fertiliser, six times as much seed; US\$ 65 billion for irrigation and huge additional investment in the physical infrastructure of roads, ports, and electricity to facilitate production and trade.

The sector is key for Africa's growth by providing affordable food, raw materials, greater demand for processing/service industries across the region and expanding small and growing enterprises through market linkages. 80% of Africa's food is produced by smallholder farmers.

- Accessible Innovations for Smallholders: AECF supports innovative models which target smallholder farmers by de-risking the introduction or expansion of a novel approach or product that brings a business into the smallholder space.
- Scaling Innovative Businesses: AECF supports new technologies and outputs from agricultural research that can be scaled up and commercialized for the benefit of smallholders.
- Post-Conflict and Fragile States: AECF supports agricultural investments in post-conflict and fragile states facing particular challenges in social, economic and regulatory infrastructure where in most cases it is the only source of funding.
- Technology Enabled Information Systems to Increase Productivity: AECF finances concepts on information dissemination that have a significant outreach and provide information to smallholder farmers enabling them to improve yields and incomes.
- Promoting Financial Inclusion and Mobile Finance: AECF seeks to improve access to finance in its thematic areas by supporting businesses that promote the use of mobile money systems, create local financial mechanisms, establish credit systems amongst others.



Renewable Energy

Access to renewable and other sources of clean energy for domestic and productive use provides a golden thread to unlock sustainable economic growth, improve human health and well-being and enable marginalised communities to lead more productive lives. Yet innovative technologies and business models remain very high risk with even established enterprises in sectors such as PAYGO solar yet to become profitable.

Decentralised productive power business models and those that intend to bring clean cooking into Africa's homes are still nascent with clear pathways to profitability yet to be found.

Our renewable energy portfolio companies implement innovative business models that provide increased access to clean energy, financial services and climate smart technologies.

- Increased access to low cost, clean energy for rural businesses and households. This includes cost effective renewable power, commercially viable renewable fuels and other clean energy alternatives.
- Products and services that help rural people and smallholder farmers adapt to climate change.
- Financial services that increase access to finance for low cost, clean energy and climate resilient technologies or to catalyze financial solutions.



Climate Change Mitigation and Adaptation

In less than ten years, by 2030, more than 52 million people, across 18 Sub-Saharan African countries will face crisis levels of hunger due to droughts, floods, landslides, and extreme temperatures. Extreme climatic events will most adversely affect the poor and marginalised in Africa. Despite making very little contribution to global warming, the continent will be amongst the first and most negatively affected by it. This is exacerbated by the lack of technical capacity to mitigate and adapt to climate change effects, compounded by large populations and high levels of poverty.

We integrate climate change in our programmes ensuring that climate risks are considered when selecting businesses that we invest in.

AECF aims to contribute to building the resilience to climate change through its interventions by:

- Investing in innovative climate smart technologies and business models.
- Investing in technologies that support both the mitigation and adaptation to climate change.
- Exploring the nexus with other sectors, including energy, agriculture, education, social infrastructure, and health.



Our Cross-Cutting Themes

Gender

We integrate a gender analysis throughout the investment activities and design and host inclusive investment processes that allow female entrepreneurs and businesses working for and with women equal access to finance. We endeavour to share insights on our learnings towards mainstreaming gender to funders, partners, investees and to various ecosystem actors within the sectors and value chains in which we invest.

Youth

Africa is the only region in the world where the youth population continues to grow in the foreseeable future, presenting either a demographic dividend or a ticking “time bomb” for social disruption if policies are not put in place to absorb them into gainful employment. Youth unemployment rate has been growing steadily since 2012 and is expected to hit 20.8% by 2021. We seek to contribute to job creation at the sectoral- and investee-level by focusing on sectors where young people have the greatest employment opportunities and by supporting investees in developing youth training.

Fragile Contexts

AECF invests where other investors fear to go. Working in difficult places is in our DNA, from innovative technologies on renewable energy, to farming practices that support rebuilding of communities and being the first formal capital provider available in post-conflict environments or areas affected by natural disasters.



How we Deliver

Grants and Concessional Loans

AECF provides patient capital to new and innovative business models in the agribusiness and renewable energy sectors across Sub-Saharan Africa through various financing instruments, which include grants, zero-interest loans, guarantees, and working capital facilities.

Advisory Services

AECF provides a range of advisory services to the enterprises that it finances, either embedded within the fund management process or through the AECF Advisory Studio (with a suite of standardized or bespoke technical advisory offerings for business growth) to improve investee internal capabilities. AECF increasingly deploys advocacy advisory support to improve the enabling environment for our investees.

Investment Support - linkages to follow-on investors

For investees moving towards commercial finance, we provide match making services. This includes technical and financial services to prepare companies to approach the market (investment readiness) and to facilitate connections with potential investors (investment facilitation). To date, we have mobilized an additional US\$ 45 million from other investors.

Knowledge Services

With experience spanning over 10 years, there is a lot to share, and it is important for us to share the knowledge with the ecosystem, our donors, and partners.

Our Donors and Partners



Kingdom of the Netherlands



MINISTRY OF
FOREIGN AFFAIRS
OF DENMARK
Danida



Australian Government
Department of Foreign Affairs and Trade

