



Energy for Green Growth and Sustainability in Kenya

REACT Kenya: **MILESTONE-BASED GRANTS**



COMPETITION TERM SHEET FOR RENEWABLE ENERGY AND CLIMATE TECHNOLOGIES (REACT) KENYA PROGRAMME – MILESTONE-BASED GRANTS

The term sheet is a non-binding arrangement between Africa Enterprise Challenge Fund (AECF) and the investee by providing an overview of the Investing in Renewable Energy and Climate Technologies (REACT) Kenya Programme, the objectives of the competition, the nature and type of business models and private sector companies to be involved, Result Based Financing and Milestone Based grants guidelines, scope of technologies, technical assistance offered, specific component eligibility and selection criteria, to inform prospective applicants while preparing for the overall application process.

The programme will serve as an accelerator, stimulating the development of innovative business models and technologies. It will also leverage the strengths of the private sector in coordination with other stakeholders and draw on the lessons from the larger Sida-funded REACT and RBF programmes in Kenya.

REACT 2.0 – Milestone Based Grants Term Sheet

1

The programme is titled **Energy for Green Growth and Sustainability in Kenya**, and the purpose of this intervention is to contribute to the green growth of Kenya, providing low carbon and lower polluting employment opportunities, increased income, enhanced resilience, and a better quality of life. The intervention will aim to achieve the following specific objectives:

1



To increase access to modern energy services to underserved communities.

2



To increase access to quality productive use of energy (PUE) solutions for MSMEs and agricultural value chains.

3



To accelerate the growth of reliable and affordable e-mobility services (mainly 2 and 3-wheelers) in Kenya.

4



To transform the circular economy into a more sustainable system that emphasizes ecosystem restoration, waste recycling, reuse and value reduction, optimizing resource use, and promoting continuous resource circulation through green transition technologies).

2

Duration of the programme

4 years (from Q1 2025 to Q4 2028)

Duration in years

1

2

3

4

3

Geography / Focus area

The project shall focus on companies with the most impact and transformation anywhere in Kenya. Companies meeting eligibility and selection criteria shall be invited to bid for the funding.

4

Scope

This project is technology agnostic and shall be open to companies participating from any region in Kenya.

5

Funding Instruments

●

Milestone-based grants (MBG): Targeting earlier-stage technologies and innovative solutions that require significant upfront investments and are not sufficiently proven to attract more commercial capital.

●

Results-based Financing (RBF): This type of financing targets more mature companies by providing incentives for additional sales achieved beyond the pre-determined baseline.

*This term sheet is specific to Milestones-Based Grants.

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Funds Available

Applicants are expected to submit a funding application (concept note) presenting a project to be funded, explaining how the applicant meets the funding requirements, and stating the funding amount and the proposed project duration.

The funding range will be determined by the company's turnover and the business stage of development, as tabulated below.

Company Size (Turnover, USD)	Business – Stage of Development	Funding Range (USD)
≤ 200,000	Early stage (≥ 2 years of operation)	100,000 – 250,000

Disbursements are made in USD.

Maximum duration of the agreement: 4 years

Duration in Years

1

2

3

4

Disbursement Currency



7	Financial contributions from applicants (Matching Funds)	AECF requires a financial contribution from the applicant to demonstrate commercial viability and readiness to share risk. Acceptance of match funding is subject to approval and relates only to the proposed project expenses. The funding requirement from the applicant is 1 (AECF) to 0.4 (applicant) based on the application value. Financial contributions to the project can be made in cash or a combination of cash and/or 'in kind' provided the in-kind contribution does not exceed 25% of the overall contribution. Types of financial contribution accepted: 1. Cash ● Cash in the bank. ● Where at least one party (e.g., financial institution, venture capital firm, impact investor, incubator / accelerator, mobile operator, foundation, or the founder/other shareholders) agrees to provide funding to the applicant. Evidence accepted includes a signed MoU or contract, a bank statement, and a letter confirming the other party's total amount disbursed or to be disbursed. The submitted documents of co-funding commitments must include all conditions, timescales, and other considerations. 2. In Kind ● Includes any significant and monetizable contribution to the project that is not financial. Applicants must be able to quantify and demonstrate what results any contribution given 'in kind' will achieve for the proposed project. In-kind contributions should be incremental/ would not have happened without the project. AECF will discuss with the applicant how to best agree on the contribution commitment and valuation.
8	Eligibility & Selection of applicants	To be eligible for funding, businesses must meet the following criteria: ● Request a grant within the stipulated range. ● Legally registered as a for-profit company (e.g., corporation, LLC, etc.) or a branch/subsidiary of an international for-profit company and physically established in Kenya at the time of awarding of investment by AECF. ● Have been in operation for at least two years, with the ability to produce two years of audited accounts [these could be from the parent company if recently established as a branch/subsidiary in Kenya]. ● Compliant with all governmental statutory requirements. ● Pass AECF's KYC (know your customer), AMT/CFT (anti-money laundering and counter-financing of terrorism), PEP (politically exposed person), and IDD (integrity due diligence) screening. ● Comply with all applicable national laws relating to human rights, labor, and social and environmental management and respect internationally recognized human rights standards, as expressed in the International Bill of Human Rights and the core labor standards established through the International Labor Organization. ● Companies should demonstrate the need and demand for concessional capital.
9	Company Profile	For PUE and Energy Access in underserved areas, the eligible applicants must fall into either of the following: ● Supply side: Last-mile distributors, particularly in underserved areas ● Demand side: Manufacturers aggregate produce from farmers for value addition or companies that aggregate source and link smallholder farmers to markets. For Circular Economy and green technologies, the eligible applicants must fall into either of the following: ● Waste management companies specializing in recycling or adding value to the generated waste. ● Companies contributing to the green transition for ecosystem restoration



10	MBG Design Elements	MBG Grant will target earlier-stage technologies and innovative solutions that require significant upfront investments and are not yet sufficiently proven to attract more commercial capital. It will provide financial resources to early and growth-stage businesses to roll out solutions that are in the market, are beginning to make traction, and have potential for scale. The grants will facilitate market entry and improve the affordability and economics of solutions still in the early stages of market development. They will also refine customer acquisition strategies and test business models. This will also apply to last-mile distributors unable to raise capital, particularly those intending to operate in underserved regions. This financing instrument will promote three components: PUE, including e-mobility, Energy Access in underserved areas, and green transition technologies. Applicants will be required to select a track aligned with their business model and their capacity to deliver. The diagram illustrates the three components of the MBG Grant, arranged in a circular flow. At the top is 'PRODUCTIVE USE OF ENERGY (PUE)' with a plug icon. At the bottom left is 'ENERGY ACCESS IN UNDERSERVED AREAS' with a lightning bolt icon. At the bottom right is 'CIRCULAR ECONOMY' with a lightbulb icon. Arrows connect these three components in a clockwise cycle. PRODUCTIVE USE OF ENERGY (PUE) (Top): - Standalone solar systems/ SHS - Solar pumping solutions - Solar refrigerators - E-mobility (particularly those setting up charging infrastructure) - Cold storage (targeting aggregators) - Large pumping solutions (targeting communities and aggregators) - Solar driers (targeting aggregators) - Others (PUE solutions to be specified in the application) ENERGY ACCESS IN UNDERSERVED AREAS (Bottom Left): - Tier 0.5 Pico PV systems (less than 3W) - Tier 1 SHS (3W – 50W) - Tier 2 SHS (>50W) Green Transition Technologies CIRCULAR ECONOMY (Bottom Right): - Value Addition - Recycling of waste - Green transition technologies
11	Technology Scope	The technology scope shall include the following. - Stand-alone solar systems/SHS (Pico PV systems from Tier 0.5 to Tier 2) - Solar pumping solutions - Larger pumping solutions (targeting communities and aggregators) - Solar refrigerators - Cold storage (targeting aggregators) - Solar driers (targeting aggregators) - E-mobility (particularly those setting up charging infrastructure) - Other pre-agreed renewable solutions within the end user price limit - Circular economy and green technologies- recycling, value addition, and the green transition.

12	Disbursement milestones/ requirements	At the time of contracting, disbursement milestones, and reporting requirements will be agreed on between AECF and the applicant, which the applicant will then be required to meet to be eligible for each scheduled disbursement.
13	Additional support available	Technical assistance (TA) will be available under this programme. This non-financial assistance will be provided as value-add services to the targeted beneficiaries to maximize the quality of the project implementation outcomes, business sustainability, and impact. Technical assistance services include but are not limited to, post-contract technical assistance provided to those investees awarded funding throughout the duration of their engagement with AECF. This assistance consists of the following: ● General business training/workshops for all funded companies. ● Individual, tailored advisory services, addressing identified capacity development needs; and ● Investments advisory support to access additional financing from impact and commercial investors in addition to the AECF funding.
14	Application process	The window closes at 11:59 pm EAT on 19 September 2025. All applicants must submit their applications through AECF's online platform.  
15	Commitments from selected applicants	If selected, applicants must be committed to: ● Uphold the highest level of integrity to achieve specified goals. ● Collaborate with AECF to finalize contract milestones and KPIs. Milestone indicators are agreed with AECF before signing the contract. ● Commitment to gather, analyze, and share learnings from the project with AECF. ● Report according to agreed schedules and requirements. ● Ensure financial data and other management systems are accessible for audit purposes upon request. ● Comply with all applicable laws and regulations. ● Comply with AECF Environmental and Social requirements and those of NEMA.
16	Disclaimer	This call for application is not binding upon The AECF, and no legal rights or obligations arise from it. The AECF reserves the right to determine the structure of the selection process, the number of short-listed applicants, the right to withdraw from the process, the right to change timetables at any time without notice, and reserves the right to withdraw this call for applications at any time, without prior notice and without incurring any liability to indemnify, compensate and/or reimburse any party whatsoever.

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The AECF does not charge an application fee for participation in the competition and has not appointed any agents or intermediaries to facilitate applications. Applicants are advised to reach out directly to the AECF.


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