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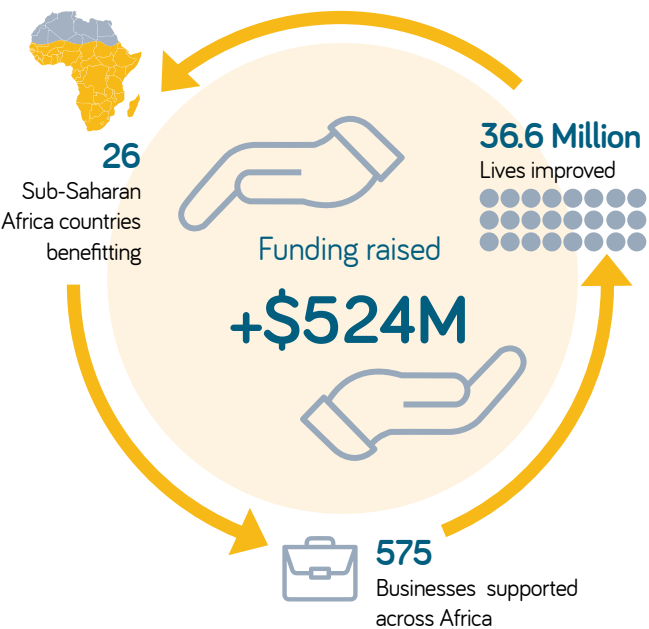
PROGRAM BRIEF

REACT 2.0 ETHIOPIA

Catalyzing Climate-resilient Energy Access and Inclusive Finance for Agricultural Transformation in Ethiopia



About AECF



The Africa Enterprise Challenge Fund (AECF) is a leading development finance organization that supports innovative private-sector companies to drive inclusive growth across Africa.

Since 2008, AECF has raised over USD 524million to date and supported more than 576 enterprises across 26 countries, unlocking markets and improving the lives of over 30 million people through clean energy, agribusiness, and climate adaptation solutions.

Programme Details

Programme:	Renewable Energy and Climate Technologies (REACT) 2.0 Ethiopia Programme
Theme:	Catalyzing Climate-Resilient Energy Access and Inclusive Finance for Agricultural Transformation
Duration:	2 years (2026 – 2027)
Region:	Ethiopia — Priority regions: Oromia, Somali, and Amhara
Budget:	SEK 23.87 million
Funding Partner:	Swedish International Development Cooperation Agency (Sida)
Implementing Agency:	Africa Enterprise Challenge Fund (AECF)



Introduction

The REACT 2.0 Ethiopia programme aims to contribute to sustainable socio-economic development and improved climate resilience for underserved markets in Ethiopia by catalyzing the private sector to improve agricultural productivity, food security, and household energy access.

The programme aligns with Ethiopia's National Electrification Program (NEP 2.0) and National Sustainable Energy Development Strategy (2024–2030), which emphasize the role of decentralized renewable solutions in achieving universal access and climate resilience.

Programme Objectives

The programme seeks to:

- Accelerate adoption of PUE solutions by supporting solar-powered agricultural technologies that enhance value addition, reduce post-harvest losses, and promote food system resilience among smallholder producers and agri-enterprises.
- Improve energy access for households and communities by expanding decentralized solar solutions like SHS and using innovative distribution models to reduce energy poverty and reliance on biomass.
- Strengthen local enterprise investment readiness through technical assistance and investment facilitation.

Ethiopia

(Priority regions will be selected based on agricultural potential, energy poverty, and PUE demand)



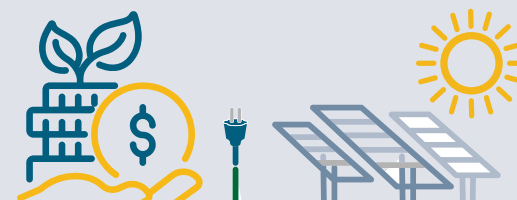
Enterprises operating in other underserved areas may apply, provided they target low-income, off-grid households and agricultural value chains.

Programme Approach

The programme adopts AECF's Challenge Fund model, a competitive financing mechanism that identifies and supports private enterprises offering innovative, scalable, inclusive renewable energy and climate-smart solutions.

Funding Opportunities

The programme provides two funding windows:



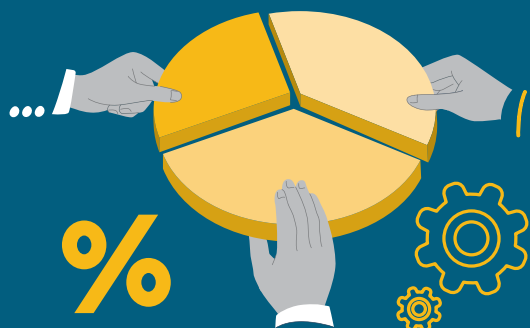
WINDOW 1: Working Capital and Inventory Finance Facility

This window targets early-stage distributors and service providers of SHS and small-scale PUE technologies. It will provide USD 250,000–400,000 in grants to improve liquidity, enhance inventory access, and strengthen last-mile distribution.

WINDOW 2: Energy Capital Expenditure (Capex) Facility

The window will target growth-stage companies investing in larger-scale PUE infrastructure and climate-smart energy solutions for agriculture. It will provide grants of USD 250,000–400,000 to support investments in solar irrigation, cold storage, drying, and processing facilities that complement agricultural value chains.

Application	Technologies/ subsector	Target beneficiaries
Access to basic electricity services	➤ Solar Home Systems (SHS) / Solar Stand-alone Systems (SAS), i.e., Entry level, Tier 1 & Tier 2	➤ Households & micro enterprise
Productive Use of Energy (PUE)	➤ Solar water pumping solutions ➤ Solar refrigeration or cold storage solutions ➤ Other PUE solutions, e.g., for drying, milling, processing, value addition, etc. (to be specified during application)	➤ Small holder farmers (individuals or groups) ➤ Aggregators ➤ Micro or small enterprises
E-waste	➤ Collection and reverse logistics ➤ Pre-treatment and sorting ➤ Material recovery and recycling ➤ Refurbishment and second-life applications	➤ Solar, PUE and mini-grid companies ➤ Manufacturers and assemblers ➤ Households
Financial Services	➤ Green SME loans ➤ Consumer financing	➤ Households ➤ SMEs ➤ Energy companies ➤ E-waste companies



Matching Fund Requirement

Applicants must provide matching funds equivalent to AECF's contribution on a 1:1 basis. Verifiable proof of funds such as bank statements, MoUs, or commitment letters, will be required before disbursement. Matching contributions may also include founder equity, supplier credit, inventory, or other verifiable business inputs. Applicants must demonstrate sound financial management and commitment to co-investment.

Eligibility Criteria

Applicants must:

- Be legally registered as a private, for-profit company and with operational presence in Ethiopia for at least two years.
- Have audited financial statements and turnover exceeding 50% of the grant requested.
- Be compliant with Ethiopian legal requirements.

Programme Support Mechanisms

In addition to grant funding, the programme will provide tailored Technical Assistance (TA) to contracted companies to strengthen project delivery, business performance, and improve sustainability and impact.

Cross-Cutting Themes

The programme integrates gender equality, youth empowerment, and environmental sustainability across all interventions. Supported enterprises will be encouraged to adopt inclusive business models, create green jobs, and adopt climate-smart practices that reduce environmental impact.

Competition Process

- Launch of the competition
- Concept note submission
- Concept note review and shortlisting
- Business Plan Development and Due Diligence
- Business Plan Shortlisting
- Grant Awarding
- Contracting and Induction



Expected Impact (by 2027):

