

**REACT 2.0 Regional – Digital Innovation Fund for Energy & Climate (DIFEC)**  
**Frequently Asked Questions (FAQs)**

**1. What is the REACT 2.0 Regional – Digital Innovation Fund for Energy & Climate (DIFEC)?**

The Digital Innovation Fund for Energy & Climate (DIFEC) is a regional programme under REACT 2.0 that provides catalytic, milestone-based grants and technical assistance to early-stage and growth-stage digital enterprises across Sub-Saharan Africa. It supports digital solutions that improve access to clean energy, strengthen climate resilience, enhance enterprise performance, and contribute to secure, sustainable digital ecosystems.

**2. What geographical areas does the programme cover?**

The programme has a regional African scope and supports enterprises operating in, or planning to enter, multiple African markets. Priority is given to companies demonstrating regional scalability and the capacity to deploy solutions across diverse market and regulatory environments.

**3. Who is eligible to apply?**

Eligible applicants are private for-profit enterprises, including subsidiaries and international companies, with credible pathways to enter the African market. They must offer digital solutions related to clean energy access, climate resilience, productive use of energy, e-mobility, digital agriculture, circular economy systems, or enabling digital technologies. Applicants must meet legal and regulatory compliance requirements, adhere to data-protection and cybersecurity standards, demonstrate financial capacity appropriate to the funding window, and provide 1:1 matching funds.

**4. Does a company need a registered subsidiary in each country where it operates?**

No. A registered subsidiary is not required. Eligibility depends on demonstrated operational capacity, ability to implement activities in target markets, and compliance with DIFEC requirements. A team presence, credible partnerships, or a clear market-entry strategy may be sufficient.

**5. What funding windows are available?**

The Growing Window offers USD 150,000–300,000 to early-stage enterprises developing and validating digital innovations, for up to 36 months. The Scaling Window offers USD 250,000–400,000 to growth-stage enterprises with commercial traction and regional expansion strategies, with up to 36 months, and potential follow-on support for high-performing investees.

**6. What types of digital technologies are eligible?**

Eligible digital innovations include PAYGo platforms, digital consumer finance tools, IoT-enabled monitoring systems, remote diagnostics, smart metering, digital climate tools (weather and early-warning systems), digital agriculture platforms, resource-management tools, e-waste and circular-economy digital solutions, digital marketplaces, gender-inclusive tools, ERP/CRM systems, data analytics, AI-based forecasting, and ESG/MRV systems. Solutions must demonstrate responsible data governance, cybersecurity awareness, and digital ecosystem safety.

**7. Will DIFEC support digital solutions in markets that are still emerging or fragmented?**

Yes. DIFEC recognizes that digital innovation often precedes market maturity. The programme will support demand-shaping solutions, enabling platforms, early-stage market-creation business models, and value-chain innovations, including digital solutions operating upstream or across supply chains, such as e-waste tracking.

**8. Are applicants required to provide matching funds?**

Yes. Applicants must provide matching funds equal to the requested grant amount. Matching can include cash, founder equity, verifiable inventory, or supplier credit. Other donor grants generally cannot be used as matching unless the applicant clearly demonstrates strong co-financing intent, no double-funding, and clear additionality.

**9. Is the funding a grant or a loan?**

Funding is non-repayable. DIFEC grants are milestone-based grants with no repayment obligation, provided milestones, reporting requirements, and all compliance obligations are met.

**10. How long does the programme run?**

The overall programme runs from 2026 to 2028. Individual company contracts run for up to 36 months, depending on the window.

**11. What non-financial support is available?**

DIFEC provides extensive technical assistance, including business model and financial planning support, governance and leadership strengthening, digital risk and cybersecurity training, data protection guidance, gender inclusion support, ESG compliance, market and regulatory intelligence, investment readiness and transaction advisory, and facilitation of market linkages and cross-border scaling.

**12. Will DIFEC provide standardized templates for business plans and financial models?**

Yes, DIFEC uses standardized templates to ensure fairness across applicants. However, the programme recognizes the diversity of digital business models and will accept subscription-based, usage-based, and hybrid revenue models.

**13. What is the competition and selection process?**

The process includes Concept Note submission, eligibility screening and shortlisting, detailed business plan development for shortlisted applicants, full due diligence (financial, governance, ESG, technical, and digital risk assessments), Investment Committee review and approval, contracting and induction, and milestone-based implementation.

**14. How are applications evaluated?**

Applications are evaluated based on regional scalability, commercial and technical viability, management capacity, financial health and audited statements, digital security and responsible data practices, ability to mobilize matching funds, gender inclusion, development impact, ESG compliance, and overall risk mitigation strategy. Strong preference is given to scalable and interoperable digital solutions.

**15. What is the difference between the shortlisting stage and the due-diligence stage?**

Shortlisting assesses eligibility and high-level alignment with the programme based on the Concept Note. Due diligence is an in-depth assessment of the business, including financial capacity, governance, ESG risks, technical feasibility, operational readiness, and verification of all claims made in the application.

**16. How do I apply?**

Applications must be submitted through AECF's online application platform. Applicants can save and edit drafts before submission. Once submitted, applications cannot be modified.

**17. Can my company apply to both the Growing and Scaling Windows?**

Yes. A company may apply to both windows if it meets each window's eligibility requirements and the total requested funding does not exceed the programme's maximum allowable amount.

**18. When will successful applicants receive funding?**

Funding is disbursed after contract signing and once AECF verifies that agreed milestones have been achieved.

**19. What happens if the required documents are missing?**

The application system will not allow submission until all mandatory fields and required documents are completed and uploaded.

**20. How will applicants be notified of their status?**

Successful applicants will receive an official notification outlining the next steps, including due-diligence and contracting requirements. Unsuccessful applicants will be notified through the online platform.

**21. Should companies disclose grants not yet disbursed?**

Yes. All grants—awarded, committed, or pending—must be disclosed to ensure transparency and avoid duplication of funding.

**22. How does DIFEC relate to other Sida, regional, or multilateral programmes?**

DIFEC is a stand-alone programme but actively seeks alignment with relevant Sida-funded initiatives. It also engages with incubators, accelerators, DFIs, and other programmes to support referrals, de-risking, and opportunities for follow-on funding or scale-up.

**23. Will companies have opportunities to pitch their solutions directly?**

Direct pitching was recommended by stakeholders and recognized as valuable for strengthening programme–market alignment and partnership building. While public pitching may raise fairness concerns, AECF will provide shortlisted applicants with opportunities to present directly to the internal Investment Committee.

**24. Are matching contributions required to be cash-based?**

Yes, matching contributions must primarily be cash-based or through verifiable business inputs. Use of grant funds from other donors as matching triggers heightened scrutiny and requires demonstrating no double-funding and clear additionality.

**25. How can companies raise complaints or concerns?**

AECF operates a Grievance Redress Mechanism (GRM) at programme and investee levels. Companies may raise concerns confidentially through the designated channels provided in the call documentation.

**26. Could you please clarify whether ongoing investor discussions and a planned equity raise can be considered a valid basis for the required matching contribution at the application stage, with formal documentation provided later during due diligence?**

Yes this is acceptable, assuming that the equity raise takes place and its available during the programme implementation period.