Renewable Energy and Adaptation to Climate Technologies (REACT) Funding Window: Round 3

MECS Africa Regional Working Group

10 – 11 June 2014

REACT Special Funding Window

3 points to remember!



- **Funding opportunity for business innovation – for profit private sector; commercial viability + potential to scale + development impact**
- **Two opportunities in 2014 – REACT R3 and later in the year, Africa Agribusiness Window**
- **REACT R3 launches end of June 2014, US$19m funding availability**

What is the AECF?



- The AECF is a fund of donor money available to the private sector on a competitive basis
- Business ideas (anywhere along value chain) in the fields of:
  - Agribusiness
  - Rural financial services
  - Renewable energy
  - Technologies for adapting to climate change
  - Rural media and information services
- **Goal:** accelerate pro-poor growth in Africa – increasing employment, livelihood opportunities and income and reducing poverty
- **REACT:** A special funding window for business ideas that are based on **renewable energy** and **adaptation to climate technologies (**+ financial services in support of these)

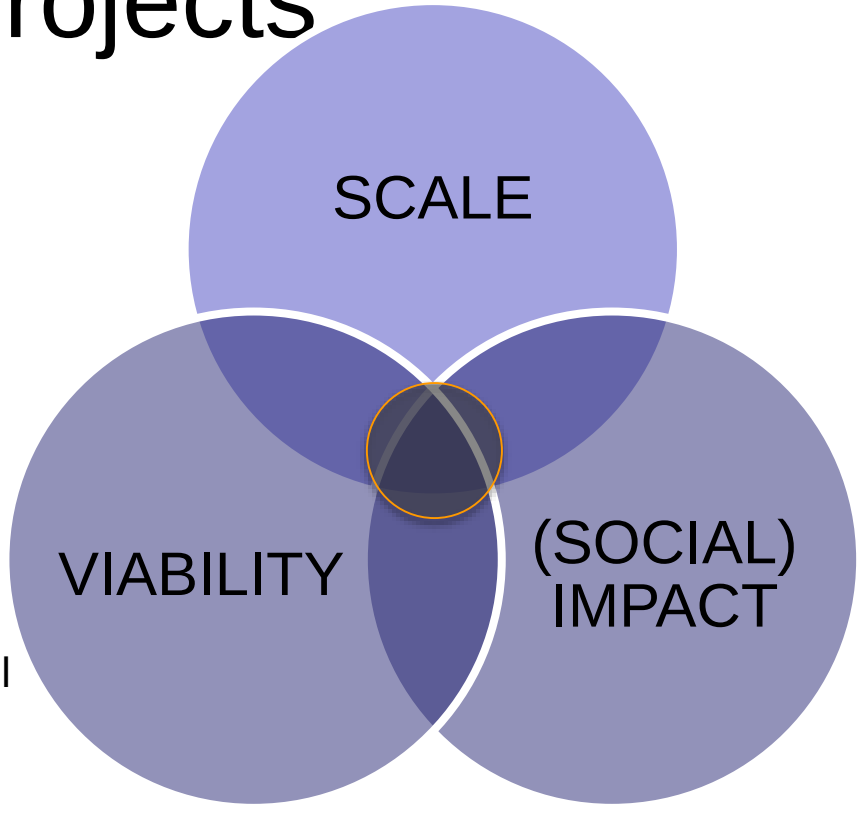
Finding the Right Projects

We seek projects that are commercially motivated & innovative to get systemic impact

- Commercial Motivation: **Scale** required for systems impact; scale will only be reached if business model is (very) profitable

- Disruptive Innovation: as a key indicator of **systemic change potential**
  - Upsetting the market such that others will copy and replicate – the more innovative the better

- Principle: **Start races** rather than picking winners





Eligibility Criteria

- Same as for all AECF competitions (for profit private sector; trading track record; companies from anywhere, but implementation in the EAC);
- Applications must be for new and innovative business ideas
- Request range from US$250,000 to US$1.5m, companies must match the funding requested in cash & kind
- Project must contribute to development impact and show environmental benefit

REACT so far…

- In context of overall AECF:
  - AECF total fund size is US$200 Million
  - REACT total size is US$70 million (donor commitments)
- REACT R1/R2 (EAC) already complete – 32 companies awared approximately US$25 million in grants and interest free loans
- REACT Mozambique complete – currently bringing 12 companies to contract
- “Clusters” of companies: geographic / thematic / technology spreads - with exciting business models to address some of the most pressing challenges facing energy access & adaptation to climate change for low-income consumers

Companies that cross-cut across REACT thematic areas





M-KOPA - Kenya



Similar business models:

Mobisol & Off:Grid Electric (Tanzania)

and BBOXX (Kenya)

- New mobile payment and distribution technology
- Helps low income consumers to purchase better performing, cost saving solar power systems
- Customers pay a small deposit and then pay-as-you-go using mobile money transfers. The technology allows the systems to be monitored and connected/disconnected from a distance
- AECF funding US$1,000,000 (US$250,000 grant, US$750,000 loan). M-KOPA investment US$3,500,000
- AECF funding to expand distribution and sales
- 100,000 rural households expected to benefit