

REACT SSA Innovation Fund Round 2

Term Sheet for Applicants



The Innovation Fund is a component of the AECF's Renewable Energy and Adaptation to Climate Technologies Sub Saharan Africa Programme (REACT SSA) a US\$61 million project funded by the Swedish International Development Authority (Sida). The programme seeks to reduce poverty through a transformational increase in the use of renewable energy by off-grid households in sub-Saharan Africa, with a particular focus on innovations that can be applied to address challenges in Western and Southern Africa.

1. Objectives	<p>Through the Innovation Fund, AECF aims to support businesses and entrepreneurs to validate market fit and potential of innovations in technological products, software, business models and distribution models that contribute to increasing access to clean cooking solutions and productive use energy for people living in rural areas and particularly for the poor.</p> <p>Fund Objectives</p> <ol style="list-style-type: none">1. To surface innovative products or business models that are sufficiently developed to address the affordability and accessibility of clean cooking and productive use of energy technologies, across all SSA.2. Provide an integrated set of business growth & development services (known as innovation services) that improve the rigour and accessibility of the innovation. <p>The focus will be supporting the testing of new innovations or extreme iterations to existing innovations to validate market fit and potential.</p>
2. Eligible Countries	Sub-Saharan Africa, with focus on Western & Southern Africa
3. Currency of pay-outs	US\$
4. Length of project	Up to 24 months
5. Length of contract	2 years (24 months).

<h2>6. Eligibility</h2>	<p>Projects eligible will be those testing new innovations or extreme iterations of existing innovations in any the following areas:</p> <ul style="list-style-type: none"> ● Scalable supply chain models for providing clean cooking solutions (especially in rural areas). Acknowledging that supply chains for cleaner fuels lack the necessary scale to reach many rural communities, the fund seeks to support supply chain innovations that can e.g., address demand uncertainty by matching demand and supply (e.g., Uberisation of the supply chain). ● Alternative clean cooking technologies (stoves and fuels) e.g., mini-grid and solar PV powered electric cooking. ● Business models and technological innovations for Productive Use Energy (PUE) appliances such as milling, threshing, grating, specific value chains (poultry, dairy, and coffee) and commercial scale refrigeration etc. ● Solutions that narrow the energy access affordability gap for clean cooking and productive use e.g., sustainable consumer financing models that could bring Tier 3(indoor emissions/overall emissions) and above within reach of a larger share of the population. <p>Innovations that can be seamlessly incorporated into prevailing or growing business and distribution models (e.g., PAYGo and 'tool and fuel' business models) are encouraged.</p> <p>The fund is not intended to support technology development, it is only intended to support technology validation (i.e., testing to check whether a new product/service is a good market fit and whether it has market potential). As a minimum therefore, the applicant needs to already have a minimum viable product/service (i.e., a product/service that has already gone through the prototyping phase).</p> <p>Eligible applicants¹: Only private companies registered and operational in sub-Saharan Africa, with a direct interest in commercialising the innovation being tested can be eligible lead applicants, however applicants are free to partner with non-private sector players for the implementation.</p> <p>The innovation fund seeks to support targeted, output-based activities that can be completed within 24 months.</p>
<h2>7. Innovation Fund Application Structure</h2>	<p>There will be a 2- step application process:</p> <ul style="list-style-type: none"> ● Step 1: Application stage where innovations/businesses must provide relevant details as per the AECF application. ● Step 2: Award stage based on technical, organisational, and financial due diligence of the applicant.
<h2>8. Information to be provided by applicants</h2>	<ul style="list-style-type: none"> ● Description of innovation or extreme iteration to existing innovations being tested ● The market barrier the innovation is trying to address or the market opportunity it seeks to take advantage of ● The project design and reasoning behind the design (e.g., what is the project trying to test or validate, who is being targeted for the test, what parameters are being monitored etc.) ● Supporting documentation: Company registration, two years audited accounts and detailed organisational structure.

¹ While the applicant (owner of the innovation) does not necessarily need to have local operations, they would at least need to have a local partner with sufficient capacity, knowledge, and expertise to effectively implement the proposed project.

9. Award criteria	<p>Application demonstrates:</p> <ul style="list-style-type: none"> ● Potential of the innovation to provide access to transformative energy services to hundreds of thousands of people in the long run, or significantly improve the operational efficiency of the target businesses. ● In depth knowledge of the problem(s) being addressed by the innovation and what approaches are likely to work in the given context. ● A good understanding of the target customer. ● Potential to create socio-economic and environmental benefits including but not limited to addressing gender inequality and social inclusion issues. ● Commitment to drive the innovation i.e., through team structures with clearly defined roles, responsibilities, and time commitments. ● An openness and flexibility to review and revise their strategy as required.
10. Funding window and application review	<ul style="list-style-type: none"> ● One funding window - Single call for proposals. Eligible companies are selected through a qualification stage. They proceed to the award stage, during which they prepare a detailed project proposal for submission. ● Designate AECF Programme Staff and external technical experts undertake due diligence and provide eligible companies with guidance during the preparation of their detailed project proposals. ● The Investment Committee determines which eligible companies proceed to contracting based on the detailed project proposal and set investment criteria.
11. Timelines	<ul style="list-style-type: none"> ● Companies to be contracted from November/December 2021. ● All projects to be concluded by December 2023. ● Applicant webinar will be held Thursday 11th 2.00pm (EAT), 1.00pm (CAT), 12.00pm (WAT). ● Applications close on 26th November at 11.59pm West Africa Time.
12. Funding	<ul style="list-style-type: none"> ● Funding of US\$100,000-200,000 per company. ● Applications testing innovations that deliberately target low-income, marginalised and/or vulnerable consumers can access up to US\$300,000.
13. Co-financing	<ul style="list-style-type: none"> ● The co-financing requirement is a minimum of 30% of the project cost (i.e., the innovation fund will only cover up to 70% of the total project cost). In-kind² contributions are acceptable.
14. Disbursement	<ul style="list-style-type: none"> ● Disbursements made on project milestones based on the work plan and agreed upon during contracting.
15. Commitments from successful investees	<p>If selected, applicants must be committed to:</p> <ul style="list-style-type: none"> ● Collaborate with AECF Limited to finalise contract milestones and KPI's. Milestone indicators are agreed with AECF before signing the contract. ● Share data, including performance against indicators and milestones. All data will be treated confidentially, unless otherwise agreed in advance. ● Commitment to gather, analyse and share learnings from the project with AECF. ● Report according to agreed schedules and requirements. ● Participate in AECF/Sida annual programme reviews. ● Ensure financial data and other management systems are accessible for audit purposes upon request.

The AECF reserves the right to determine the structure of the selection process, 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.

2. In kind contribution eligibility to be determined at the inception phase. Examples could include the contribution to product development.

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