



REACT Kenya
Results Based Financing
Programme (REACT RBF)



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AECF is a leader in supporting the scaling up of clean energy companies to reach off-grid communities and substantially increase clean energy access for poor households.

AECF is implementing a flagship programme funded by Swedish International Development Authority, Sida, aiming to increase access to clean energy in eight countries in Sub-Saharan Africa (REACT SSA). In Kenya, the programme has a dedicated results-based financing (RBF) facility of US \$4m targeting to provide incentives to energy companies to drive expansion of access to clean energy for households across the country, with additional pro-poor incentives that reward companies reaching the poorest households.

The financing will be offered on a results-based framework, meaning that payment will only be made upon the delivery of measurable and verifiable outputs.

The two and half year programme targets to reach 87,000 beneficiary households in Kenya.

Objectives

REACT RBF aims to support:

- Transformational business models adapt to target markets in order to accelerate access to low cost, clean energy i.e. cleaner fuels, cook stoves, alternatives to grid power
- Commercially viable companies and markets across Kenya in any county
- Innovative ideas that stimulate next generation approaches in the clean energy sector

Funding

The maximum award per company at the time of contracting is US\$500,000. However, a flexible reallocation system will allow companies that exceed their milestone targets with a possibility of an increase up to US\$1 million.

Types of clean energy products and services supported

-  Clean energy products or services that provide access to electricity (for off-grid households and/or productive engagements) and access to clean and/or efficient cooking
-  Cook stoves and fuel solutions that meet the Tier 4 threshold for indoor emissions. This includes sustainable fuels e.g. pellets, briquettes, bioethanol and LPG
-  Electricity access products and/or services categorized as Tier 1* (with multiple lights) and Tier 2, or that enable existing Tier 1 and Tier 2* households continue to climb up the electricity access ladder.
-  Cook stoves that meet and/or exceed Tier 2 fuel use efficiency for wood and Tier 3 fuel use efficiency for charcoal.
-  Activities that help increase electricity consumption on existing mini-grids (e.g. increasing access to suitable appliances for mini-grid customers)

The following products and services are **Not Eligible** for support:

- Grid connected projects
- Captive power projects

* For more information on supported products and services, please refer to the multitier framework for electricity and clean cooking.

Eligibility Criteria

The REACT Kenya RBF awards are open to companies operating in Kenya that meet the following requirements:

- Must be privately owned, legally registered and have a physical presence in Kenya
- Must have been effectively marketing their products or services in Kenya for at least two years. Companies with less than two years of market experience but can demonstrate notable sales growth during their period of operation may be considered
- Propose a product or service that meets or exceeds the proposed energy access tiers
- Demonstrate the quality of proposed product or service and the effectiveness of their after-sales support service.
- Make a convincing additionality argument
- Have the capacity to implement the proposed business/project
- Demonstrate the ability to raise the upfront finance required to implement the proposed RBF project
- Demonstrate the ability to effectively track sales, and collect and store basic customer data
- Be compliant with fundamental in-country and international human rights, labor standards, and environmental management laws
- Must **NOT** be involved in any act of terrorism or support terrorists' activities
- Must allow regular due diligence by AECF



Disbursements will be made in tranches based on the achievement and verification of the sales milestones agreed upon in the contract.

Upon verification, 90% of the RBF sales incentive claim is disbursed. 10% of each RBF claim will be withheld and paid after end 2023 subject to spot check verification to establish that units sold over the contract duration are still functioning

A 20% optional pro-poor bonus, in addition to the incentive per verified sale, will be paid to companies for whom $\geq 25\%$ of verified RBF sales are to poor households¹.

RBF projects are expected to be implemented over a 2.5-year period running from July 2021 to Dec 2023

Selection Criteria

Companies will be selected through a two-stage competition. First, the qualification stage where companies will be shortlisted based on the eligibility criteria. Secondly, the award stage will involve submission of business plans upon which select applicants will be awarded. The selection will be based on additionality, value for money and sustainability of the plans.

How to Apply

To apply for support, please go to www.aecfafrica.org/RBF and click on the "Apply" button to register on our secure online application platform. You will be expected to fill out an application form to determine your eligibility against the set criteria (more details in term sheet).

Applications will be accepted between **8 December 2020** and **26 January 2021**. The application window closes at 11:59 pm (EAT) on 26 January 2021.

¹ The Poverty Probability Index (PPI) [<https://www.povertyindex.org/>] will be the tool used to determine the probability that a household is poor.

1 Qualification Stage

- Call for Proposals
- Online Applications Submitted
- Review of Applications
- Shortlist of Qualified companies

2 Award Stage

- Submission of Business Plans
- Submissions Reviewed
- Due Diligence
- Selection and Approval
- Contracting
- Implementation



Terms and Conditions Apply

For further clarification regarding the application process and requirements, please email RBF@aecfafrica.org