



The Africa Enterprise Challenge Fund

Collaboration with the private sector

The Africa Enterprise Challenge Fund (AECF) supports profitable ways of raising rural incomes, by developing markets for products and services that meet the needs of people living in rural areas in Sub-Saharan Africa. Sida's support to the AECF is aimed at the agri-business sector.

Sida has donated 217 million SEK to the AECF, a USD 200 million fund hosted by the Alliance for Green Revolution for Africa (AGRA). The fund, to which a number of donors contribute, focuses on financing projects, through grants and interest free loans, which will have a broad developmental impact on the rural poor.

The AECF is structured to match the commercial interests of private companies with the agricultural needs of a particular country, while emphasizing sustained business engagement.

CHALLENGE FUNDS

Challenge funds invite companies to compete for support for good ideas the same way researchers apply for funds from a research foundation. Proposals are measured against each other in an evaluation process based on predetermined and fixed criteria.

Challenge funds are often set up to meet specific objectives. In development



cooperation, these could for example be extending finance to people living in poverty, finding solutions to a specific health problem in developing countries, or as in the case of the AECF, developing markets for products and services that meet the needs of people living in rural areas in sub-Saharan Africa.

WHY?

The main goals of the AECF are:

- To promote ideas that will lead to growth in the rural economies of Africa, generating employment and creating new opportunities for

systemic change in the markets that serve them.

- To support new investments in the agribusiness, renewable energy and adaptation to climate change technologies, rural financial services and media and information sectors across Africa.
- To match the commercial interests of private companies with the agricultural needs of a particular country, while encouraging sustained business engagement to ensure a flexible, responsive, results-oriented approach.

THE PURPOSE OF COLLABORATION BETWEEN SIDA AND THE AECF

- 133 business projects supported in 22 African countries, rising to estimated 170 in its fifth year
- 3 million people reached through these projects
- more than 5800 applications for funding received
- USD 308 million in private sector contributions catalysed to the projects



HOW?

The AECF is a competition, open only to for-profit private companies, which are starting or intending to start new ventures in specific fields.

The AECF offers funding windows aimed at specific economic sectors, specific countries, or development corridors involving several countries. New windows may be added and each window will generally offer more than one funding round. Sida supports two windows within AECF; one working with agri-business in general and one focusing on agri-business in post-conflict countries.

The AECF is open to proposals from all countries in Africa. Multi-country and regional projects are also eligible.

The AECF can award between USD 250 000 and USD 1.5 million to a single business idea. The amount will vary depending on the competition, but the average is expected to be about USD 700 000.

EXAMPLES OF PROJECTS SUPPORTED BY THE AECF

Dairy farming in Tanzania

In Tanzania, the AECF has invested in the efforts of Tanga Fresh Ltd to support the modernisation of its milk collection and communication systems. Tanga Fresh started a project in 2008 to improve the organisation's milk collection system, the Modern Dairy Service Network, and was granted a matching contribution of USD 700 000 from the AECF in 2009. By improving delivery to market, the project has enabled delivery to market. The AECF grant will also help fund the Dairy Farmers' Information Service, a mobile phone text message service providing milk producers with market information.

Fish farming in Kenya

In western Kenya, the AECF has co-funded the development of Dominion Farm's aquaculture program, which is helping to move the country's fishing sector in a more sustainable direction.

Being a staple source of protein in the Lake Victoria region, fish stocks are becoming increasingly threatened by overfishing.

Through its operational and infrastructure investments, Dominion Farm's has become one of the major producers of quality fingerlings (baby fish) and fish farming in the area has taken off markedly. In order to ensure the sustainability of the market, Dominion is also working to establish a centre of excellence for fish farming.

CONTACT

For information on the AECF, including funding windows and how to apply, please visit www.aecfafrica.org

For more information on Sida's collaboration with the private sector, please contact a Swedish embassy through www.swedenabroad.com, or Sida at www.sida.se/privatesector