



Mobilizing Early Stage Capital THE SEED CAPITAL ASSISTANCE FACILITY (SCAF)



*Mobilising early stage investment
for clean energy project
and enterprise developments.*

Seed
Capital
Assistance
Facility



Asian Development Bank
FIGHTING POVERTY IN ASIA AND THE PACIFIC



Department
for International
Development

Programme Office
**International
Climate Initiative**



Federal Ministry for the
Environment, Nature Conservation,
Building and Nuclear Safety





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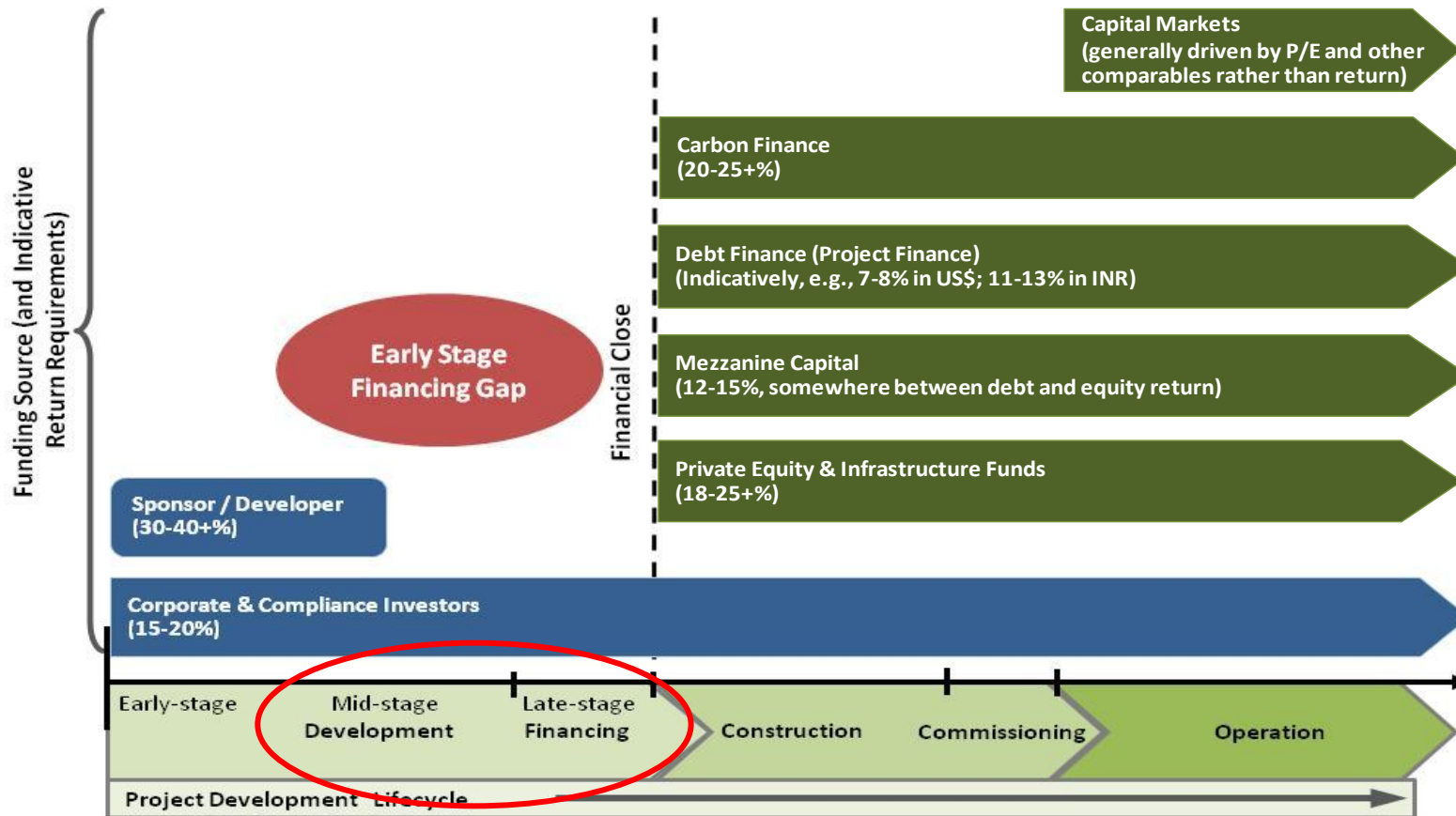
I. Market failures targeted by the Seed Capital Assistance Facility

- I. Seed Capital Assistance Facility II – approach and instruments**
- II. Previous Experience and Results**





Where are the financiers along the project cycle ?



Source: UNEP, Aequero

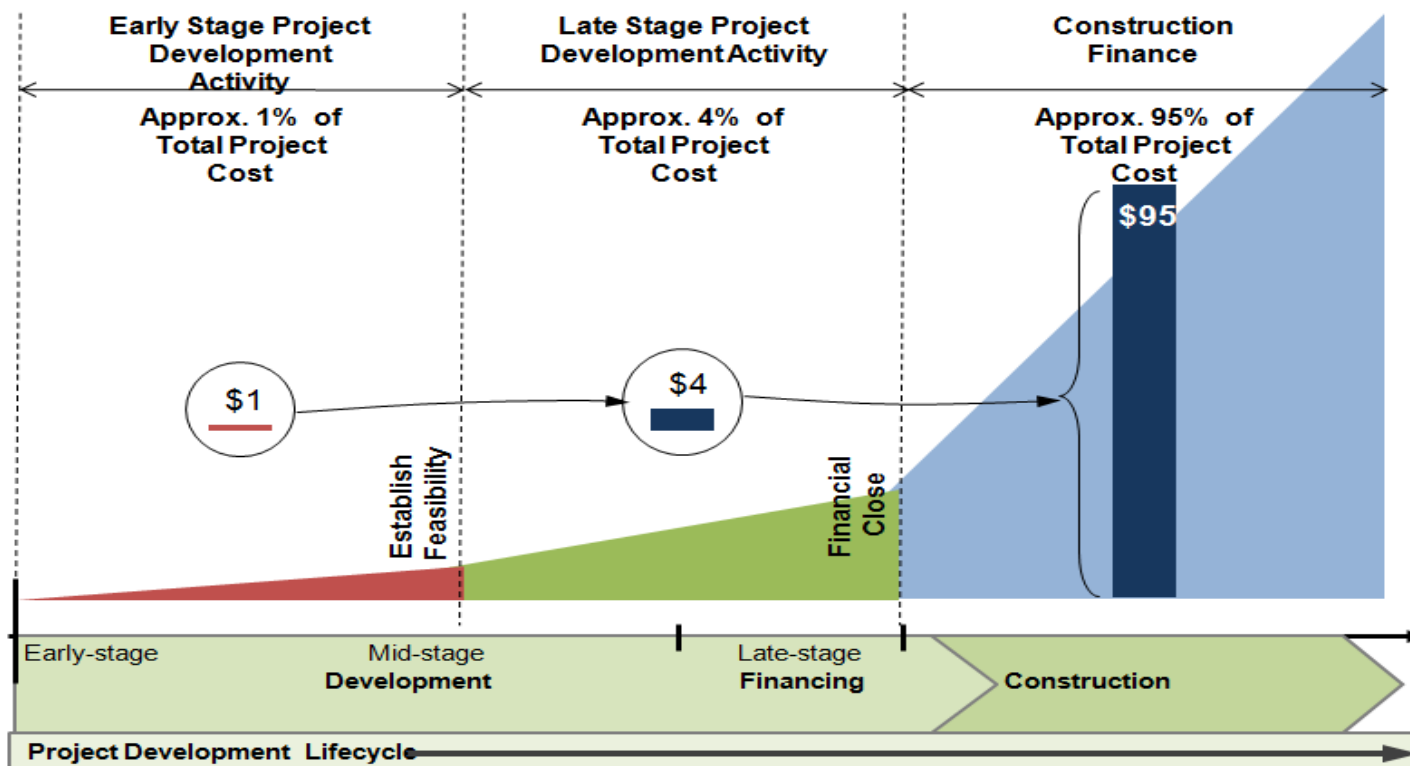
Development/Transaction Costs





Catalytic Impact of Early Stage Finance

Figure 8: Catalytic Impact of Early-Stage Public Finance



Barriers for Renewable Energy projects

Risks and Barriers

- Political risk
- Regulatory risk
- Off-take risk
- FX risk
- Resource assessment
- Access to long term finance
- Developers' capacity 
- Economic viability 

Market failures


- Lack of local project developer expertise 
- Lack of fund management expertise in early stage projects 
- Lack of sufficient equity resources for early stage investment 
- Lack of appetite for least developed/low income countries 





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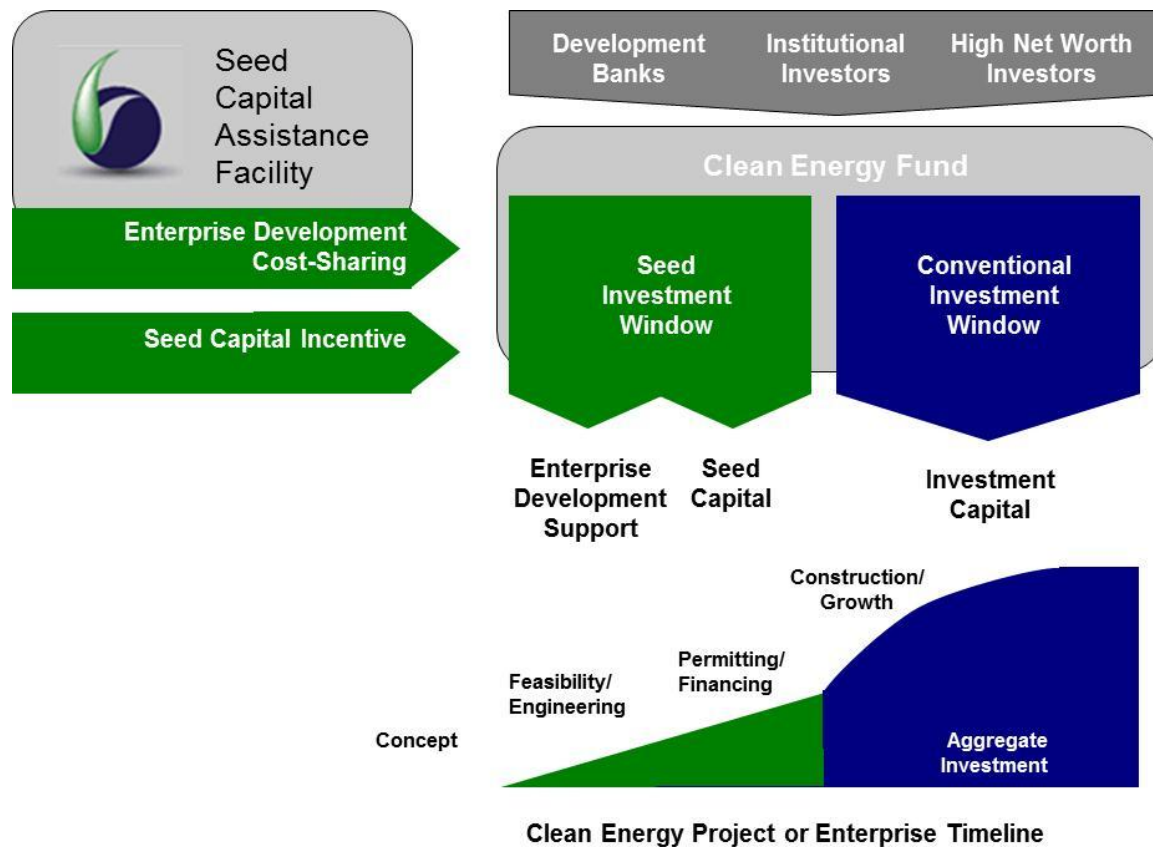
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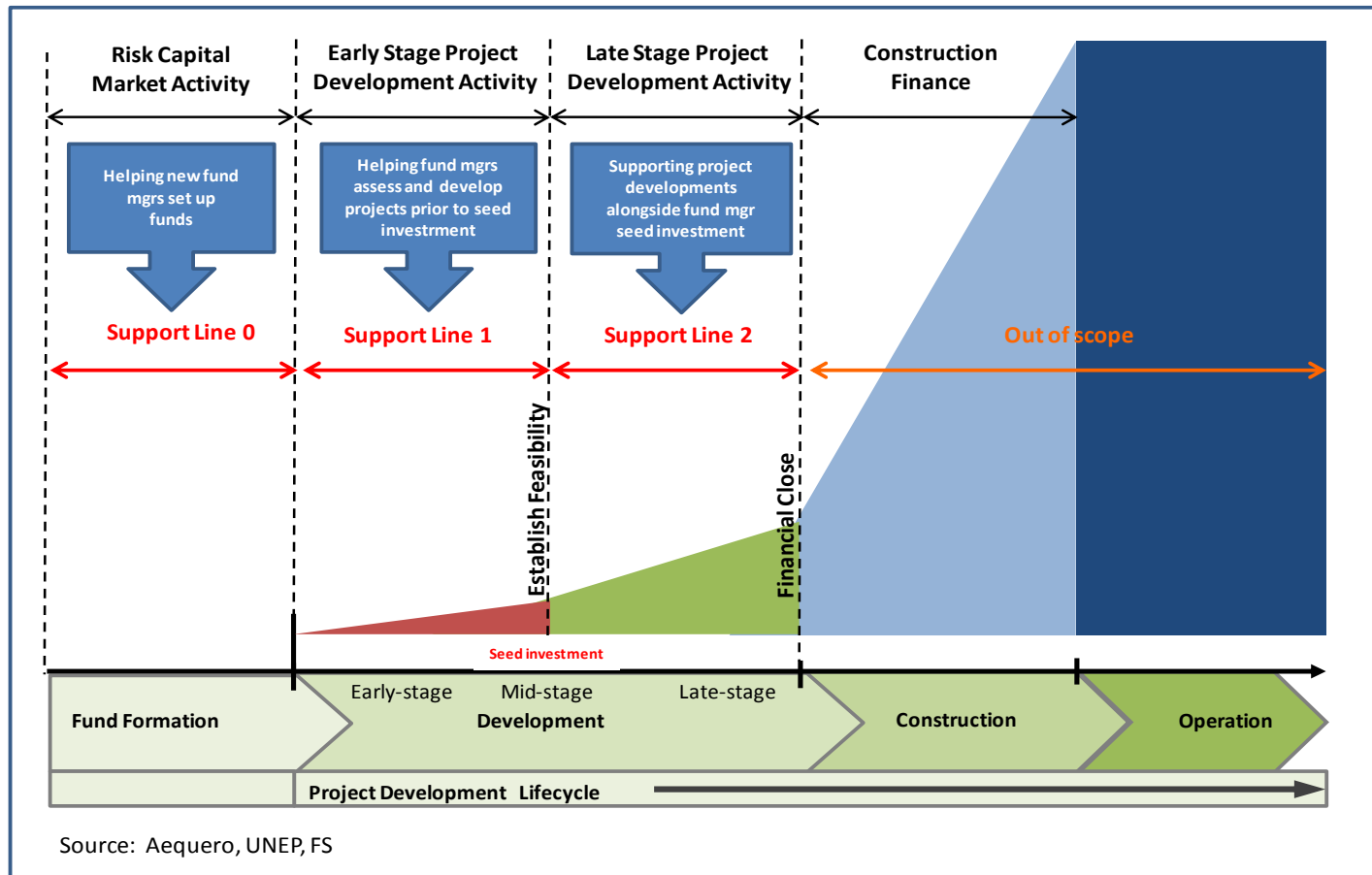


What is the SCAF Concept?





Support Lines along the Project Cycle





Which support does SCAF provide?



	Support Line 0	Support Line 1	Support Line 2
Purpose	Help first time fund managers to reach first financial close	Aimed at developing the pipeline of early stage investments	Co-finance elevated development cost on a specific projects
Target	Only available for PE/VC funds	PE/VC funds, DevCos	
Activities	Co-finance selected set-up costs, such as <ul style="list-style-type: none"> - Preparation of offering/placement memorandum; - Legal advisory costs on fund structuring; - Drafting of LP/investor documentation 	Co-financing of eligible costs up to a maximum per agreement: <ul style="list-style-type: none"> - Provides business development support to local project developers; - Identification & training of new 'pre-commercial' clean energy entrepreneurs and developers; - Coaching services for specific promising investment opportunities 	30%-50% co-funding for each seed finance transaction for covering a wide range of project development costs: <ul style="list-style-type: none"> - Technical assessments, ESIA, regulatory reviews - Negotiation of PPAs or other off-take agreements - Operational and maintenance cost reviews and analysis
Amount	Co-financing of up to a maximum of 50% of eligible costs Average amount per partner agreement USD 400,000	Amount per partner agreement USD 700,000 – 900,000	Amount per partner agreement USD 1,600,000 – 1,800,000
Conditions	Anchor investor must be secured	Only for the funds meeting SCAF investment guidelines	Each project to approved individually for SCAF support
Reimbursement	Reimbursable upon first financial close of fund	Will be given as a grant as a first step	Reimbursable at financial close of the project



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III. Previous Experience and Results













SCAF I FUNDS

Asia

Contracted Fund Managers

Africa

Renewable Energy Asia Fund <i>(Berkeley Partners LLP)</i>		DI Frontier Market Energy and Carbon Fund <i>(Frontier Investment Management ApS)</i>	
Aloe Environment Fund <i>(Aloe Private Equity)</i>		Lereko Metier Sustainable Capital Fund <i>(Lereko Metier Sustainable Capital Managers)</i>	
Armstrong S.E. Asian Clean Energy Fund <i>(Armstrong Asset Management)</i>		Evolution One Fund <i>(Inspired Evolution Investment Management)</i>	
Infuse Ventures Fund <i>(CIIE Initiatives)</i>		Africa Renewable Energy Fund <i>(Berkeley Energy Africa)</i>	





Seed Financed Projects

Africa

Asia



Country	Tech.	Size	Stage	Country	Tech.	Size	Stage
Kenya	Geo-thermal	35MW	Exploration drilling	India	Wind	80MW	Operating
Kenya	Wind/Diesel hybrid	5MW 15 sites	PPA negotiations	India	Geoth LED	MSME	Pre-profit
Kenya	Hydro	6MW	Final technical studies	Indonesia	Hydro	DevCo	Development
Kenya	Wind	60MW	Dormant	Philippines	Wind	48MW	On-hold
South Africa	Wind	80MW	In construction	Philippines	Hydro	25MW	In construction
Tanzania	Hydro	10MW	Delayed	Philippines	Wind	16MW	Pre-construction
Tanzania	Wind	50MW	Early stage	Philippines	Hydro	14MW 13MW	land-use permit awaited
Uganda	Hydro	6MW	Financial close	Regional (Mekong)	Wind Solar	DevCo	Development
Uganda	Hydro	5MW	Financial close	Regional (SE Asia)	Solar	DevCo	Development
				Regional	Solar	DevCo	Development



Thank You!

Information and Contact

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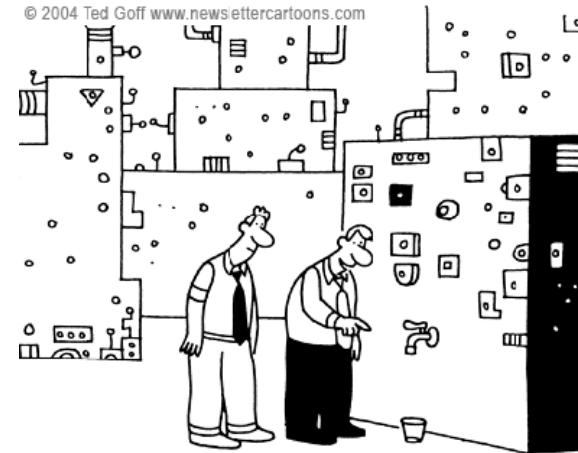
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“And this is where the revenue comes out.”

