SEED CAPITAL ASSISTANCE FACILITY

Lessons learned from over 15 years of supporting early-stage project development

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SCAF – Financing the development of utility scale renewables

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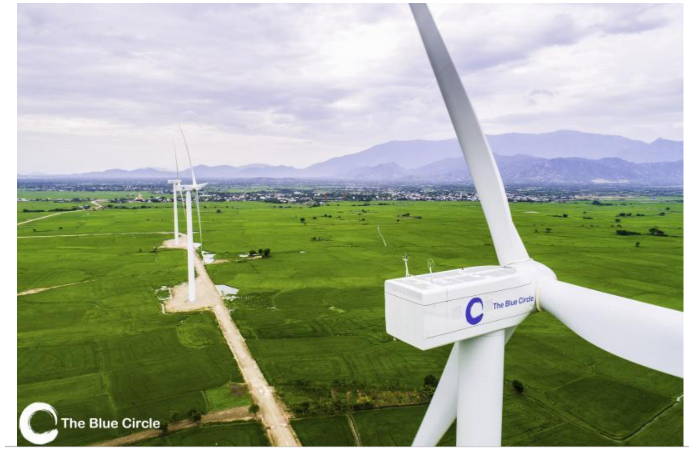
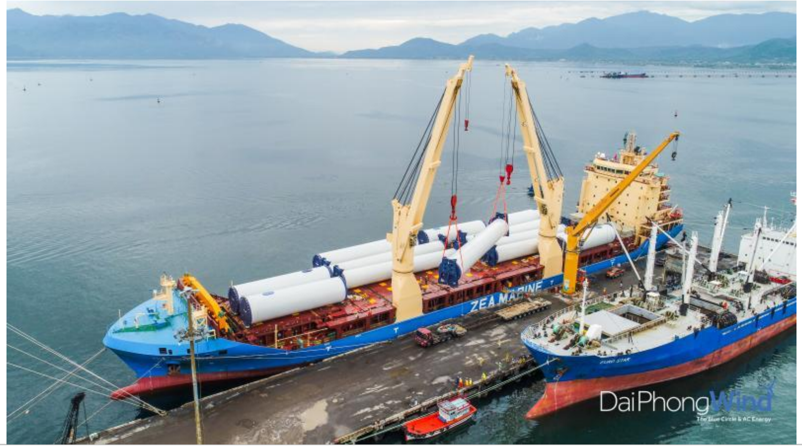
The Seed Capital Assistance Facility (SCAF) supports the **development of utility-scale, grid-connected renewable energy projects** in Africa and Asia.





The Evolution of SCAF and the development stage ecosystem

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	SCAF I	SCAF II	SCAF III
	2011	2016	e2025
Mechanics	SL1, SL2	SL0, SL1, SL2	SL1, SL2
Instruments	Grants	Repayable Grants	Repayable grants, Debt
Cooperating partners	Funds	Funds, DevCos, Platforms	DevCos, Platforms
Mobilisation level	Project	Fund, project, partner	Project, partner, facility

Two facilities in one

Grant Facility: Continuous focus on early-stage development in high-risk markets where funding is needed most and SCAF makes most impact

Debt Fund New blended finance vehicle for later-stage development and more mature developers in less risky markets (incl/ HoldCo-level)

SCAF Focus - Project development lifecycle

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Early Stage | Mid-Stage | Late Stage | Construction

Private Investors & DFIs

Complimentary Facilities

Additional opportunity: SCAF III Debt Facility

SCAF II & SCAF III Grant Facility

Financial Close

Initial scoping and preparation
- Site Identification
- Pre-feasibility studies
- Resource assessment
- Capacity building
- Office and staffing

Project evaluation and design
- Full feasibility studies
- Full design and engineering
- Financial modeling
- Environmental and social impact assessment (ESIA)

Permitting and contracting
- Permits, licenses and approvals
- Financial due diligence
- Fundraising

SCAF Focus – Building project pipelines for the ecosystem

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Partner & Project	Early Stage	Mid-Stage	Late Stage	Construction
Africa REN - Walo Senegal 20MW BESS/16MW Solar		SEED CAPITAL ASSISTANCE FACILITY Co-financed studies, lenders due diligence, SPV set up, etc.		EAAIF Emerging Africa & Asia Infrastructure Fund
TBC - Dam Nai Vietnam 40MW Wind	SEED CAPITAL ASSISTANCE FACILITY Co-financed feasibility study, technical studies and legal costs			Scatec → British International Investment; FMO Entrepreneurial Development Bank
JCM – Golomoti Malawi 40MW Solar	SEED CAPITAL ASSISTANCE FACILITY Co-financed pre-feasibility study	InfraCo AFRICA		
Africa REN – Kodeni Burkina Faso 38MW Solar			SEED CAPITAL ASSISTANCE FACILITY Lenders DD Improving ESG standards	FMO Entrepreneurial Development Bank

Financial Close

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SCAF as a market catalyst – Building regional champions

SCAF Partner		Investor
Levanta Renewables	Full acquisition with team and portfolio	actis
ALBA RENEWABLES	Majority acquisition for undisclosed amount	Brookfield Infrastructure Partners
KAIROS RENEWABLES	Investor in Series B funding round	SKYE RENEWABLES
SUSI PARTNERS	Majority acquisition for undisclosed amount	Gresham House
AugustEnergy	Equity investment for Southeast Asia platform and debt across the group	PGID

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Project development learnings – developer headwinds

Increasing development costs, long timelines & funding constraints are barriers developers navigate alone

Investors at Financial Close

DFI's and lenders are typically unwilling to take development risk, so they usually commit at financial close when the project is de-risked.

Development timelines

Development timelines can range from 36-48 months depending on the regulatory environment, size, complexity and developer maturity.

Developer maturity

The level of sophistication of a developer has a significant impact on project execution capacity, ability to fund development and ability to retain larger stakes in projects post financial close.

Construction commences

95% of total project costs take place during construction phase with funding received at financial close.

Early-stage funding & capital raising

5% of total project costs are incurred at this stage and funded by the developer with no other sources of capital available.

Political and regulatory risk

The increased probability of adverse events in developing and frontier markets means investors either forgo the investment or require a higher risk-adjusted return.

Developer maturity – Path from developer to IPP

The further the developers are on the maturity pathway, the better the funding situation they are in

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Developer → Develop & own → Develop, own & operate → Integrated IPP

Traditional Developer Model

Development Model:
- Develop projects in joint development agreement with a minority stake which is sold at financial close
- Few or no project have yet reached financial close – immature pipeline

Funding Structure:
- Developer self-funds development activities
- Capital raised on project level at financial close

Team:
- Small team relying on external consultants and joint development agreements with larger developers

DevCo – AssetCo Model

Development Model:
- Develop projects with a larger stake, potentially majority with operational assets
- Operational assets with more mature pipeline

Funding Structure:
- Developer continues to self-fund development activities using development fees and O&M cashflows
- Private capital raised directed at the construction and operation of specific projects

Team:
- Larger team with more internal capacity, potentially with O&M

Platform model

Development Model:
- Majority ownership in projects with more operational assets in portfolio
- Large portfolio of operational assets with mature pipeline

Funding Structure:
- Significant equity investors' support both for development activities, salaries and working capital as well as the construction and operation of specific project

Team:
- Large sophisticated team with significant internal capacity across all functions

SCAF III – A blended finance solution for the ecosystem

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SCAF III Grant Facility	SCAF III Debt Fund
Targeting USD 35 million	Targeting USD 100 million
Structure: Separate support lines for pipeline and capacity building (SL1) and for developing specific projects (SL2 - reimbursable at project financial close)	**Structure:** Blended finance vehicle to mobilise commercial capital alongside public capital
Focus: Emerging developers and higher-risk markets with little-to-no track record in attracting RE investment	**Focus:** Mature developers (proven execution capacity) with later-stage pipelines in more mature markets such as South Africa and Philippines
Rationale: Continuation of SCAF II; for markets to grow, first movers with risk-taking ability and appetite are needed	**Rationale:** RE markets have matured but financial markets still perceive high risk; providing developer loans acts as a natural bridge to introduce commercial instruments into development
Market position: Unique with high additionality; no other funders or facilities with early-stage / high-risk focus exist	**Market position**: Primary financier of mid-to-late-stage development capital for utility-scale RE outside of corporate balance sheets
Objective: Providing demonstration effect in challenging markets and support the next wave of up-and-coming developers	**Objective:** Mobilise commercial capital to fund development and create demonstration effect for commercial capitals' place in RE development

Lessons Learned from over 15 Years of SCAF

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SCAF Evolution - Solutions must evolve and adapt to changes in the ecosystem

Focus on bottlenecks – Project pipelines for the renewable energy finance ecosystem

Capacity Building - Supports the building of execution capacity and regional champions

Developer headwinds – Many barriers and mostly unseen with timelines and costs increasing

Blended finance - Could bridge the funding gap for more projects to reach financial close

SCAF SUCCESS TO-DATE

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USD 2.8bn of capital raised and 800MW of exited assets over a decade

ACCIONA Energía and The Blue Circle partner to drive growth in Southeast Asia

SUSI Partners, through the SUSI Asia Energy Transition Fund ("SAETF"), has entered into an investment agreement with experienced Southeast Asian developer Alba Renewables

BURKINA FASO: Africa Ren launches the construction of the Kodeni Solar plant in PPP

Singapore, 10 October 2022 – **Kairos Renewables** is pleased to announce the successful completion of its Series A financing with **Annycent Capital** (Annycent Clean Energy 1), a newly-established investment platform focused on renewable energy in emerging markets.

- First Actis Energy Infrastructure investment in Vietnam supporting country's carbon-neutral commitment
- Levanta Renewables is a renewable platform with a strong team and 300MW of advanced onshore wind development pipeline in Vietnam

Inspired Evolution backs Red Cap's Kouga wind farm

METIER AND FMO ESTABLISH AFRICA REN ENERGY & SUPPORT BURKINA FASO POWER PLANT PROJECT

Malawi Golomoti project wins Utility-Scale Solar Project of the Year

Great Zimbabwe 5 megawatt Hydropower project on course

31 Jul 2022 — CONSTRUCTION of a five megawatt **Great Zimbabwe Hydropower** project at Mutirikwi Dam in Masvingo is set to be completed in July next year. The ...

Terasu Energy cleared to connect Tarlac solar plant to Luzon grid

July 21, 2021 | 7:56 pm

Kairos sells interest in 500MW Philippines wind project to ACEN

ARMSTRONG CLOSES DEBUT SOUTHEAST ASIA FUND WITH US$164 MILLION IN COMMITMENTS (ASIA)

Construction complete at Vietnam's largest onshore wind farm

VIETNAM: Developer Blue Circle has completed construction of the 40MW Dam Nai project, the country's largest onshore wind farm.

Candi Solar Secures Series B Funding Led by STOA to Boosts its Operations in Africa and India