

# SEED CAPITAL ASSISTANCE FACILITY



## PROJECT AT-A-GLANCE

The Seed Capital Assistance Facility (SCAF) is a multi-donor trust fund managed by the United Nations Environment Programme (UNEP) and backed by the German Federal Environment Ministry together with the British Department for International Development (DFID). It makes finance available during the development phase of projects being carried out in developing countries and emerging economies that are aimed at promoting the use of climate-friendly technologies (e.g. renewable energies, energy efficiency).

### GEOGRAPHICAL SCOPE

SUB-SAHARA AFRICA,  
ASIA



Kenya, Namibia,  
Nigeria, South  
Africa, Rwanda,  
Tanzania, Uganda

Countries where clean  
energy projects received  
direct support



Cambodia, India,  
Indonesia, the  
Philippines, Vietnam

STATUS **ACTIVE**

STARTING DATE **2009** CLOSING DATE **2021**

IMPLEMENTING PARTNER

**Frankfurt School-UNEP Collaborating Centre**

PARTNERS

13 commercial clean energy fund  
management structures in Asia and  
Africa:

DI Frontier Investment Management,  
Inspired Evolution Investment  
Management, Armstrong Asset

Management, Infuse Capital, Berkeley  
Energy, Lereko Metier, Aloe Private Equity,  
Asia Climate Partners, The Blue Circle,  
JCM Clean Power Development Fund,  
Zoscales Partners, Sindicatum Renewable  
Energy, GreenWish Partners

### TOTAL PROJECT COST



**\$ 25**  
million  
(two phases)

DONORS

**Phase 1:** Global Environment Facility, United  
Nations Foundation

**Phase 2:** UK Aid, Germany's Federal Ministry  
of Environment

TEAM LEADER

**Françoise d'Estais**

### KEY ACHIEVEMENTS TO DATE SCAF I



**132**  
projects received  
Support Line 1  
assistance



**31**  
projects received  
financial support to  
the development



**\$ 16.3 million**  
of seed financing  
committed  
to 31 projects



**14**  
projects reached  
operation or construction  
stage by December 2017



**\$ 339 million**  
of investment (construction costs)  
received by the first three fully financed  
and developed projects

### KEY ACHIEVEMENTS TO DATE SCAF II



**29**  
projects indirectly  
supported



**10**  
projects directly  
supported



**460 MW**  
total planned capacity  
through those ten projects



**2,360**  
jobs created during the  
construction phase



**1.016 Mt**  
of avoided CO<sub>2</sub>  
emission per year



**\$ 289 million**  
of investment  
(construction costs)



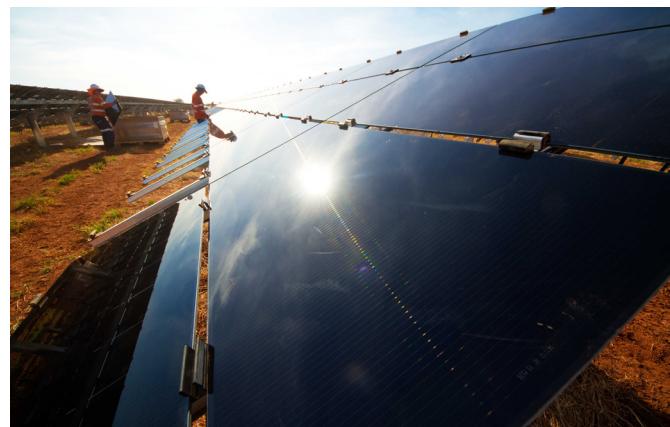
## THE CHALLENGE

Public and private finance is available for those renewable energy projects of a certain size that have reached commercial finance-ready stage. According to many financial institutions, funding is available but bankable projects are lacking. At the same time many low-income countries are brimming with renewable energy project ideas born by local clean energy pioneers. But it is the initial stage where it is hardest for them to find financing to transform ideas into “bankable” projects, even though start-up capital is only a crumb of the total project cost. Private investors shy away, because the risks are steep. To make matters more difficult, some countries have little track record of launching clean energy projects.

## WHAT WE DO

The Seed Capital Assistance Facility shares project development costs and seed financing with selected private equity funds, venture capital funds, and project development companies, in order to bring low-carbon projects to their commercial finance closure in frontier markets, where renewable energy.

To enhance the number of investment actors in the clean energy early stage investment space, the Facility also shares fund set-up costs incurred by first time fund managers in the final stages prior to fund first close.



## UNEP'S ROLE



UNEP designed, and raised funding for both phases of the project. SCAF is one of the few facilities supporting the early stage development of renewable energy projects in Africa and Asia. A distinctive feature of SCAF is its intervention through private investment structures, leveraging those structures' expertise in project selection and development, and ensuring SCAF support goes to projects which will benefit from follow-on investment. SCAF is also distinct from other facilities in that (i) it is not an investment structure and does not seek financial return. It only seeks repayment of grant when project reaches financial close or fund reaches first close, to allow additional support to new partners; and that (ii) it is providing support at the very early and risky stage, when partner investment structures provide equity. SCAF benefits from in-kind support of several public finance institutions (IFC, EIB, Carbon Trust, AfDB, ADB, DEG) which sit on regional committees and advise on SCAF partner selection. They are keen to stay informed on the development of that market segment which does not constitute an investment opportunity for them due to its risk/return profile and the associated heavy transaction costs.

