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**

Countries where clean energy projects received direct support

- Kenya, Namibia, Nigeria, South Africa, Rwanda, Tanzania, Uganda
- Cambodia, India, Indonesia, the Philippines, Vietnam

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**TOTAL PROJECT COST**

$25 million (two phases)

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**STATUS**

- **ACTIVE**

<table>
<thead>
<tr>
<th>STARTING DATE</th>
<th>CLOSING DATE</th>
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<tbody>
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<td>2009</td>
<td>2021</td>
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**IMPLEMENTING PARTNER**

Frankfurt School-UNEP Collaborating Centre

**DONORS**

- **Phase 1**: Global Environment Facility, United Nations Foundation
- **Phase 2**: UK Aid, Germany’s Federal Ministry of Environment

**TEAM LEADER**

Françoise d’Estais

**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

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**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

**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 CO₂ 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.