

SEED CAPITAL ASSISTANCE FACILITY

Supporting clean energy project development in frontier markets



Eligibility Memo

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

A facility of: 

Managed by:   Frankfurt School
FS-UNEP Collaborating Centre
for Climate & Sustainable Energy Finance

Eligible sectors (1/2)

1 Renewable Energy Generation

- > Wind power.
- > Solar energy, including photovoltaics (PV) and solar thermal in all of their forms.
- > Small hydropower, run-of-river, excluding the construction of dams.
- > Sustainable biomass.
- > Geothermal.
- > Hybrid systems (including biomass/fossil fuel co-firing systems).
- > Includes the development, installation and operation of both off-grid and grid-connected systems.

2 Energy and Resource Efficiency¹

- > Energy service companies (ESCOs).
- > Efficiency improvement to existing systems, including:
 - Efficient lighting;
 - Efficient heating and cooling (including solar water heating);
 - Cogeneration or combined heat and power (CHP) implementations.
 - Efficiency improvements to existing energy generation, transmission and distribution systems.

1) For the finance of energy efficient investments the net improvement must be more than 15%

Eligible sectors (2/2)

3 Renewable Energy and Energy/Resource Efficiency Supply Chains

- > Wind turbine manufacturing and assembly.
- > PV and Solar Thermal manufacturing and assembly.
- > Manufacturing of specialized equipment and components for renewable energy and energy/resource efficiency products (including specialized software solutions).
- > Manufacturing of energy/resource management, monitoring & control equipment.
- > New materials to improve energy and resource efficiency such as nanotechnology, bio materials and bio-chemicals.
- > Greenhouse gas reducing waste management (including methane capture).

4 Others

- > Waste-to-energy.
- > Fuel switch to renewable fuels at existing facilities.
- > Manufacturing and/or distribution of advanced energy storage solutions (excluding conventional batteries).

Negative list of ineligible technologies

Ineligible technologies

Support agreements with Cooperating Partners will include a negative list of ineligible technologies, based on the level of commercial maturity of each technology in the target country and in some instances additional concerns such as environmental impact. In Low Income Countries most technologies will be eligible, other than those included in the all-country negative list below. In Lower Middle Income countries only the 'second wave' of technologies will be eligible, not the first wave that today are considered fully commercial.

For example, wind, solar and hydro generation projects in China and India, or geothermal projects in the Philippines or Indonesia, would not qualify for SCAF support.

Technologies ineligible for support in all countries:

- > For the avoidance of doubt, non-renewable fossil fuel power plant construction, extension or operation
- > The finance of switching from one non-renewable fossil fuel to another
- > Landfill methane
- > Natural gas (including fracking)
- > Bio-fuels projects, unless they can be clearly shown to meet sustainability criteria (non-food crop with minimal impact on food security, biodiversity impacts, etc.)
- > Vehicle efficiency – in the transport sector only modal shift and bio-fuel projects that meet condition (b) above are eligible
- > Large hydro (>25 MW) & small hydro including the construction of dams
- > Nuclear energy
- > The production of nitrous oxide or the production of hydro fluorocarbons

Eligible countries

OECD DAC list

- > SCAF focusses exclusively on countries in Asia and Africa.
- > The Development Assistance Committee (DAC) list of Official Development Assistance (ODA) recipients is the foundation for SCAF eligibility. This list is published by the OECD annually and can be accessed [here](#).
- > SCAF funding can support activities in Least Developed Countries, Other Low-Income Countries and Lower-Middle-Income Countries and Territories.

Final decision on eligibility is always dependant on the combination of technological focus, regional focus and target allocation, e.g. SCAF requires that Support Line 2 funding be restricted to projects in eligible sectors and countries. For Support Lines 1, SCAF support can be provided to partners operating also in other sectors and countries as long as a minimum of 70% of their capital is allocated for investment in eligible sectors and countries.