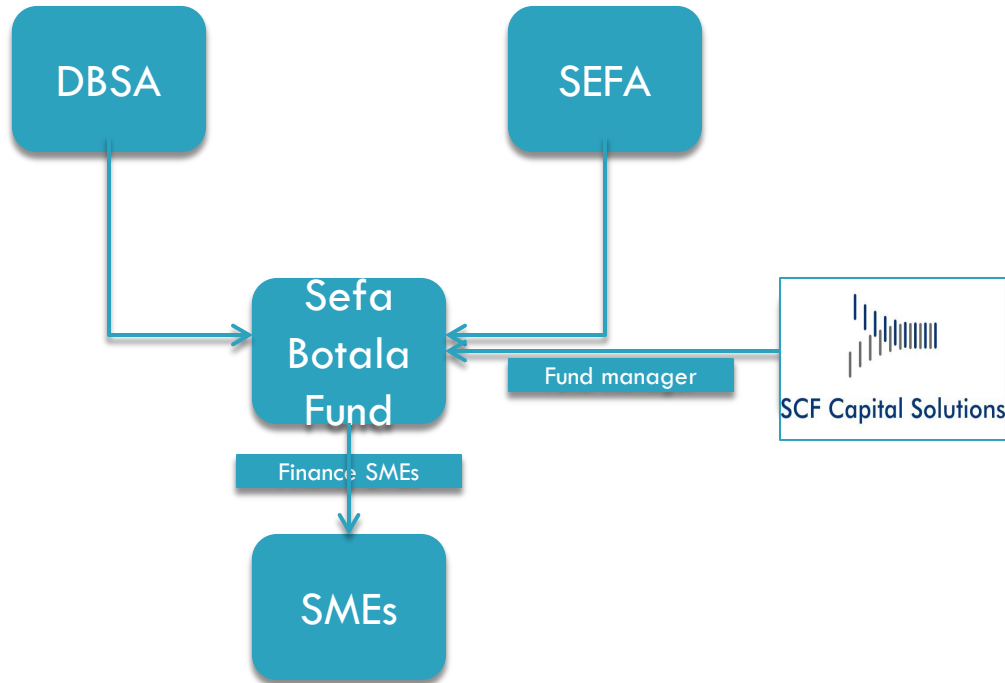


SMALL RENEWABLE ENERGY AND ENERGY  
EFFICIENCY PROJECTS  
- AN OPPORTUNITY TO GET SMEs  
INVOLVED IN CORPORATE SUPPLY CHAINS

Vonani Mabunda, SCF Capital Solutions

# About SCF Capital Solutions

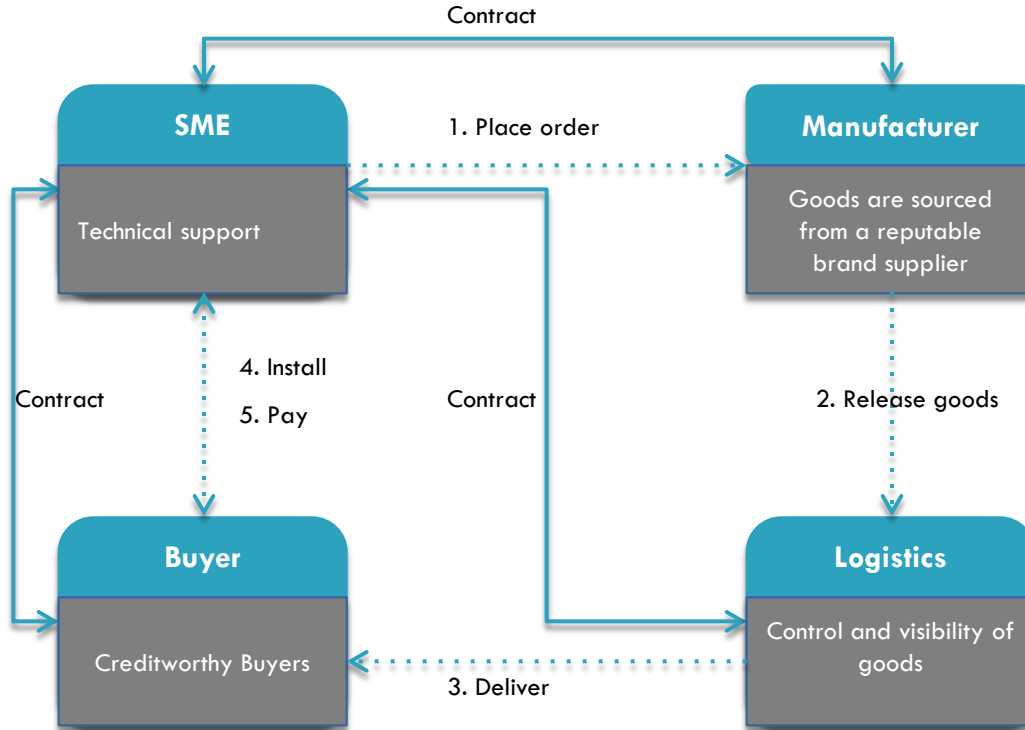


- SCF Capital Solutions is a developmental financing company with specific focus on Small and Medium Enterprises in the green economy, agriculture and corporate supply chains.
- We provide working capital finance to SMEs who participate in corporate and government supply chains
- We also provide SMEs with business support via the Sophiatown Green Incubation Centre and technical support through partnership with Hengs Technology, a Taiwanese renewable Energy EPC
- In Sep 2015, together with the DBSA Green Fund and SEFA, we launched a fund for SMEs in the green economy

# Small renewable energy projects and SMEs

- ❑ Projects are too small for large EPCs/ESCOs
- ❑ Capital barrier to entry relatively low
- ❑ Technical barrier to entry also relatively low
- ❑ Opportunity for Large Corporate Buyers of renewable energy to kill couple of birds with one stone
  - ▣ Reduce carbon taxes, secure energy supply and long term energy costs reduction
  - ▣ Whilst meeting enterprise development and BBEE goals

# The SCF Context



- In commercial transactions and projects whereby an SME buys inputs from Manufacturers and sells to or installs for a large Buyer; Buyers often pay on completion of the project and Manufacturers/ Wholesalers require payment before release of goods to the SME.
- This situation creates a working capital funding need for the SME which to a large extent commercial banks are unable to fulfill
- SCF Capital Solutions can finance
  1. Purchase of equipment for installation
  2. Long payment periods
  3. Without collateral from SMEs

# Our financing approach

## Financing pillars

### Transaction Administration

Oversight and control over flow of goods, paper work and money

Payment  
ability of  
the Buyer

Credit checks  
done on the  
Buyer

Performance  
ability of the  
SME

Track record  
checks on the SME.  
Technical Support

Cash flow  
Control

Control the cash  
from start to  
finish

## Performance risk

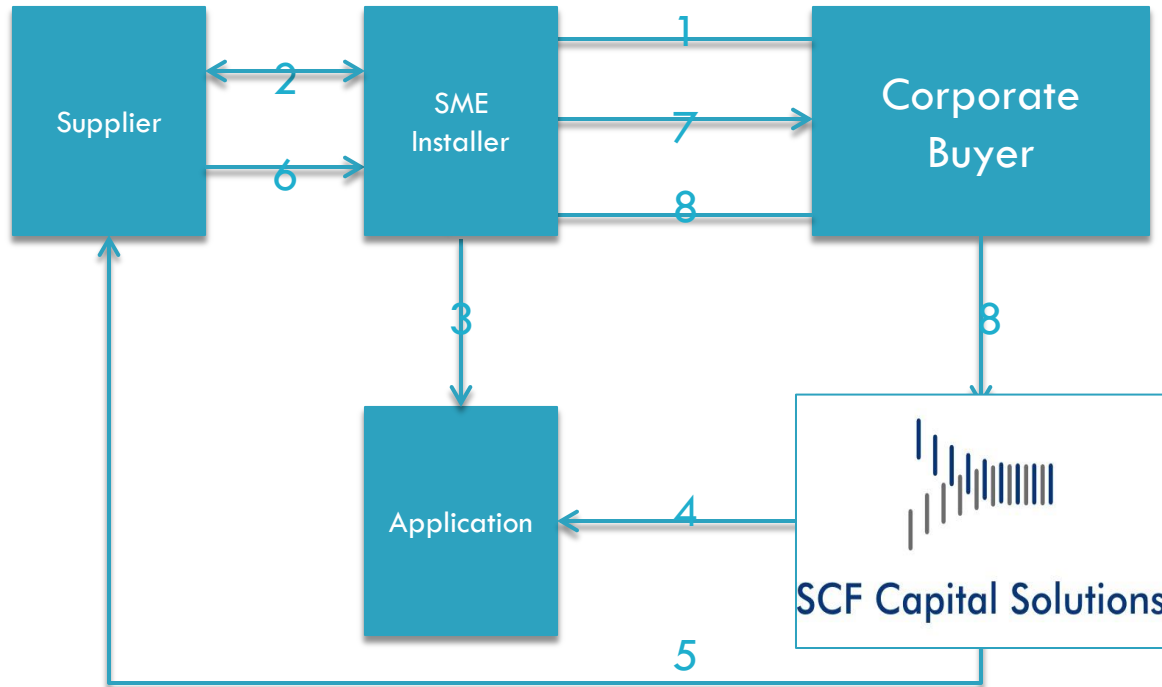
Good  
Experience

No Experience

Increasing  
Technical Support

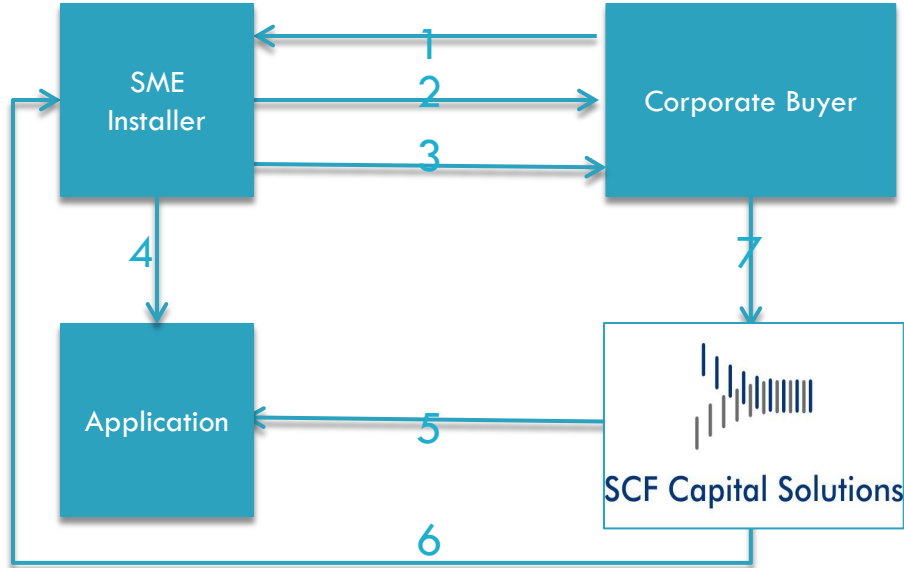
Design  
Training  
Oversee

# Financing purchase of equipment



1. Buyer issues contract/purchase order to SME Installer
2. SME Installer orders required goods and gets invoiced by their Supplier
3. SME Installer applies for financing to purchase required equipment from SCF Capital Solutions
4. SCF Capital Solutions structures the financing
5. SCF Capital solutions pays the supplier of equipment
6. Supplier of equipment delivers equipment to SME Installer
7. SME Installer completes the project
8. Corporate Buyer makes payment

# Financing long payment terms



1. Buyer issues contract to SME to provide service or do an installation etc...
2. SME Installer delivers on the contract
3. SME suppliers invoices the Corporate Buyer, but as is usually the case, payment will be made in 30, 60 or 90 days.
4. SME Installer submits invoices to SCF Capital Solutions to accelerate payment
5. SCF Capital Solutions structures the financing
6. SCF Capital pays a discounted to SME Installer at day x
7. SCF Capital get paid by Corporate Buyer at day x + 30, 60 or 90 days

# Qualifying Conditions

- ❑ SME must be a registered company with valid FICA documents for company and directors
- ❑ SME must have a contract/purchase order with a Buyer of acceptable credit standing
- ❑ We will need to see invoices from Supplier and Logistics
- ❑ Buyer must agree to make payment undertaking to us and to settle the invoice into our “escrow-type” collection account
- ❑ Transaction must be profitable
- ❑ If installation is required, it must not be too complex
- ❑ If track record of performance on similar installations is unsatisfactory, you must agree to be partnered with our technical support partner



# Key features of the financing

- ❑ Short term, no more than 6 months from financing date
- ❑ No collateral is required from the SME
- ❑ No monthly interest payments, the finance is settled at end of transaction via payment from the Buyer
- ❑ Monthly fee is charged, i.e. the quicker the installation and payment, the lesser the finance cost