UNIDO UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

Partners: UK Government

A2D Accelerate to Demonstrate Facility


# Accelerate-to-Demonstrate (A2D) Facility

## Webinar Series on Good Quality Demonstration Projects

***Webinar: Co-Financing and Financial Management of Good Quality Demonstration Projects***

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# Webinar Agenda

| Time | Agenda Item |
| --- | --- |
| 13:30 – 13:35 | Webinar Series and Webinar Introduction<br>Overview of the A2D Facility |
| 13:35 – 13:40 | What is meant by Financial Scalability and Longer-Term Commercial Viability in Demonstration Projects?<br>How are Co-financing, Additionality, and Double Funding defined in the A2D Facility? |
| 13.40 – 13:45 | What does Robust Financial and Procurement Management look like? |
| 13:45 – 13:50 | How are Budgets Structured in Good Quality Demonstration Projects? |
| 13:50 – 13:55 | Case Study (A2D Facility-Supported Demonstration Project) |
| 13:55 – 14:00 | Further Information |

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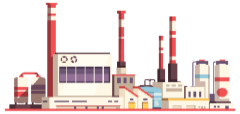
# A2D Facility Overview

## Objectives

**The A2D Facility aims to accelerate the commercialization of innovative climate solutions** in developing countries by supporting catalytic and scalable 'lighthouse' demonstration projects in:

- Clean hydrogen
- Critical minerals
- Smart energy
- Industrial decarbonization

## Initial Funding and Timescales

- **Initial contribution of ~USD 85 million** from the UK Government
- Initially operates from **April 2023 to March 2029**
- Global (**developing country-focused**) Facility
- **Grants of USD 1-5 million** per demonstration project for ~3-year projects
- **5 demonstration projects** supported through first call-for-proposals in 2024 (in Kenya, Namibia, Nigeria, Nepal and Tanzania)
- Second call-for-proposals in 2025 – **new projects will be announced in early 2026**
- Main Sustainable Development Goals (SDGs)-of-focus:




Activities bringing **transformational solutions** to the market at scale.

**Providing grant support** for implementing transformational demonstration projects with strong scalability potential, and which create and **disseminate knowledge and experiences** to foster collaboration, learning and scalability. Planning-related activities for demonstration projects are out-of-scope.

# What is meant by Financial Scalability and Longer-Term Commercial Viability in Demonstration Projects?

- **Scalability** means a credible, costed plan to expand after the demonstration stage (such as an increase in Technology Readiness Levels and Commercial Readiness Levels).

- A good quality demonstration project has **clear pathways for scalability that are mapped out and there are MoUs, agreements or equivalent with key stakeholders** (e.g. financiers/investors, governments, off-takers, etc.) to scale the innovative solution post-demonstration project with transparent and reliable evidence underlying the pathways.

- The pathways show **how the financial model evolves toward commercial viability in the longer-term**, backed by robust evidence.

**Evidence to showcase scalability post-demonstration project:**

- MoUs, agreements, contracts or equivalent with financiers, investors and governments
- MoUs, agreements, contracts or equivalent with off-takers and other customers
- Audited financial statements
- Forecasts of cash flow
- Evidence of market uptake
- Regulatory or policy alignment of market support

# How are Co-financing, Additionality and Double Funding defined in the A2D Facility?

- **Co-financing for the demonstration project:** quantified co-financing and co-funding from any source in any form (e.g. equity, debt, guarantees, concessional resources, etc.) confirmed through signed and verified MoUs, contracts, agreements or equivalent for the implementation of a demonstration project. Co-financing and co-funding for earlier phases of a demonstration project (e.g. the planning phases or pilot phases) is not considered co-financing and co-funding of the phase-of-focus for the A2D Facility (the implementation (construction/installation) phase).

- **Defining additionality under the A2D Facility:** a grant would fill a financial gap that would otherwise prevent a demonstration project from moving into the implementation phase. Therefore, demonstration projects that demonstrate additionality are those that provide transparent and reliable evidence regarding the activities that could not go forwards within the demonstration project without the grant and how this interrelates with the already confirmed co-financing and co-funding from other sources. Funds that are predominantly reliant on grant funding impacts the commercial viability of the innovative solution in the longer-term.

- **Double funding:** a grant cannot be awarded for financing costs, which are financed by any other source. Evidence of double funding in demonstration projects represents a misuse of funds.

# What does Robust Financial and Procurement Management look like in Demonstration Projects?

- **Roles and responsibilities:** clearly identified personnel for financial management within demonstration projects, their qualifications and ensuring that roles are not double-funded by a grant if the position(s) already exists. Segregation of financial and procurement duties to reduce risks of fraudulent, erroneous and unauthorized actions.
- **Controls:** well-defined internal controls and approval processes that support transparency.
- **Accounting:** reliable accounting and record-keeping systems capable of tracking multi-source funding separately as per defined requirements, and documented procedures that guide financial decision-making. Dedicated separate General Ledger account (within organizations' main account) to allow monitoring/tracing of all UNIDO project related cost transfers
- **Policies:** established anti-fraud and compliance practices within the organizations delivering a demonstration project.
- **Audits:** regular independent audits as part of normal operations, budgeted for, and with transparent follow-ups on the findings of audits and the management responses to audit recommendations.
- **Funds management and financial soundness:** capacity to manage funds from several partners within a structured accounting environment. Robust financial situation to allow sufficient liquidity in case of delayed payments as release of funds is subject to documented achievements (documentation both from a technical as well as financial point of view e.g. contracts, invoices, salary lists etc.).

# How are Budgets Structured in Good Quality Demonstration Projects?

- **Presentation of budget information:**
  - A comprehensive budget table that reflects all sources and uses of funds aligned with templates.
  - A clear breakdown of cost components linked to each of the demonstration project's specific activities and mapped to a clear and detailed implementation plan.
  - Explanatory notes that show how cost estimates were developed, why they are relevant, based on what evidence and in-line with international norms.

- **Characteristics of well-structured budgets:**
  - Consistency across all figures, tables and annexes.
  - Transparent unit costs, quantities and evidence-based estimates (including quotes and benchmarks).
  - Clear explanation and justification of all personnel costs and contained within the administrative costs.
  - Administrative costs proportionate to the demonstration project needs and reflective of efficient management practices.
  - Adequate resourcing for mandatory activities such as monitoring, reporting, dissemination activities, gender equality and social inclusion, safeguards and risk management, and other related (in-scope) activities, whilst also ensuring that such costs are in-line with international norms.
  - Costs that directly support the implementation phase of a demonstration project.

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# Case Study: A2D Facility-Supported Demonstration Project

**Project Overview:**

- This project aims to commercialize innovative climate solutions for 2- and 3-wheeler transportation in Tanzania by locally manufacturing lithium-ion batteries, assembling electric vehicles and building charging/swapping infrastructure.

OASIS
Payless Energy Limited

**Co-Financing:**

- Provided by Oasis Financial Services Ltd to support implementation through its subsidiary, Payless Energy Limited.

**Scalability:**

- The project is leveraging the A2D Facility grant to engage additional financiers and development partners over the three-year project, positioning itself to attract further capital for expanded manufacturing and charging network growth across Tanzania.

**Longer-Term Commercial Viability:**

- The business model generates long-term revenue through EV sales, battery leasing/swapping, charging services, and maintenance, supported by declining unit costs as local manufacturing scales. Strong relationships with the government to support scale-up through procurement.

**Financial Management:**

- Anchored in strong internal controls, dedicated project accounts, documented approvals, regular independent audits and regular reporting to ensure transparent, accurate, and well-monitored use of funds.

**Procurement Management:**

- Project procurement follows transparent, competitive processes to ensure quality, value-for-money and reliable sourcing for key project components.

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# Further Information

- **A2D Facility Website:** Visit the website here
- **A2D Facility LinkedIn Account:** Follow the LinkedIn page here
- **A2D Facility Mailing List:** Join the mailing list here
- **A2D Facility Year 1 Annual Report:** Access the Annual Report here
- **A2D Facility Year 2 Annual Report:** Access the Annual Report here
- **A2D Facility Market Assessments:** Access the reports here