

The **Lightsmith** Group

CRAFT Lessons Learned

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Presented to:



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Lessons Learned

+ The CRAFT project has revealed key lessons in each component

Component 1 (Investment Strategy)

Component Area	Lessons Learned	Potential Next Steps
a. Impact Measurement System	<ul style="list-style-type: none">• Very constructive to engage with stakeholder experts to refine impact approach: Climate Vulnerability → Theory of Change → KPI data• Useful to incorporate feedback loop into IMS• IMS and key personnel (T. Guelig) well-received by investors (see Component 2)• Deeper dive on outcomes requires additional resources (part of TA Facility)	<ul style="list-style-type: none">• Continue engagement with stakeholder experts (form an Impact Advisory Council?)• Allocate resources from TA Facility ("Lightsmith Labs") to develop detailed case studies on impact
b. Company Mapping & Analysis	<ul style="list-style-type: none">• Confirmed: Substantial number of potential investment opportunities• Confirmed: Differentiated climate resilience and adaptation investment strategy is of strong interest to potential investee CEOs• Identified: Need additional focused effort to drive market mapping of SMEs in developing countries – consider targeted follow-up effort.• Identified: Consider support and engagement with incubator/accelerator strategies for SMEs in developing countries	<ul style="list-style-type: none">• Develop Mapping Initiative for SMEs in Developing Country Markets / ecosystem mapping and building• Establish partnership with accelerator/incubators for SMEs in adaptation and climate resilience

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Component 2 (Resource Mobilization)

Component Area	Lessons Learned	Potential Next Steps
a. Potential LP Engagement	<ul style="list-style-type: none"> Confirmed: Extremely strong headwinds for first time funds, emerging markets funds Learned: Growing ESG, impact interest, but focused on established managers (TPG, KKR) Learned: Moving from discussions to DD can be delayed (CI: "assume 2x time") Confirmed: Initial commitments create real momentum toward first close Learned: Investors respond to different features – climate action (govt, impact) vs. differentiated growth (private pension, FoF) Learned: Broaden set of potential investors – add corporates, other strategics Learned: Use simple narrative – "What are you doing about the effects of climate change?" 	<ul style="list-style-type: none"> Continue engagement with stakeholder experts (form Impact Council?) Allocate resources from TA Facility to develop detailed case studies on impact Broaden LP engagement strategy (private sector, corporate)
b. Placement Agent Engagement	<ul style="list-style-type: none"> Confirmed: first commitments, deals critical to momentum and engagement Investment 	<ul style="list-style-type: none"> Accelerate placement agent evaluation, selection
c. Investment Strategy/TA Implications	<ul style="list-style-type: none"> Learned: Several investors find IMS a key factor in commitment decision Learned: TA considered to be a strong positive by knowledgeable investors 	<ul style="list-style-type: none"> Highlight IMS in engagement Complete structuring of TA Facility and broaden engagement

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Component 3 (Legal & Regulatory Setup)

Component Area	Lessons Learned	Potential Next Steps
a. Fund Legal Documents	<ul style="list-style-type: none">• Learned: Timing, sequence shifted – Defer PPM, legal docs to later in process• Learned: Securing commitments in principle is more important initially than formal marketing documents – emphasis different for public vs. private investors	<ul style="list-style-type: none">• Begin PPM drafting, legal documentation• Align legal documents with first close interest; balance private vs. public
b. Regulatory & Marketing Compliance	<ul style="list-style-type: none">• Learned: Pursue a staged strategy – regulatory strategy different above vs. below EUR 100 million / USD 100 million	<ul style="list-style-type: none">• Continue execution of staged regulatory and marketing strategy
c. Advisor Engagement	<ul style="list-style-type: none">• Learned: Select advisors for specific roles:<ul style="list-style-type: none">• Formal advice vs. quick consultative advice• Luxembourg specific structures for funds, for TA facility• Multiple advisors on legal and regulatory (main fund formation vs. quick filing and quick advice)	<ul style="list-style-type: none">• Manage advisor set as stage approach through fund formation, documentation, operations