

Scaling Solar



AN INNOVATION OF  
WORLD BANK GROUP



**Accelerating Private Investment  
in Large-Scale Solar Power**

## The Challenge

Solar power has enormous potential as a quick-to-build electricity source in emerging markets, where needs are great. Even though prices have fallen dramatically over the past years, many countries have struggled to develop utility-scale solar plants due to challenges that include:

**INSTITUTIONAL CAPACITY:** Many governments have limited capacity to manage, structure and negotiate private power concessions.

**LACK OF SCALE:** Navigating small and distinct power markets can deter investors and small grids can only absorb small projects.

**LACK OF COMPETITION:** Many power projects are not competitively tendered.

**HIGH TRANSACTION COSTS:** Individually negotiated contracts have high transaction costs.

**HIGH PERCEIVED RISK:** Poor credit utility off-takers and political risks increase the cost of capital, driving up tariffs.

## The Solution

Scaling Solar is a “one stop shop” solution for governments to rapidly mobilize privately funded grid connected solar projects at competitive tariffs. This proven program is based on a templated approach to create viable markets for solar power in each client country and brings together a suite of World Bank Group services under a single engagement, including:

**ADVICE** to assess the right size and location for solar PV power plants in a country’s grid and to prepare and develop sites for tender.

**SIMPLE AND RAPID TENDERING** to ensure strong competition from committed industry players.

**FULLY DEVELOPED TEMPLATES** of bankable project documents that can eliminate negotiation.

**COMPETITIVE FINANCING AND POLITICAL RISK INSURANCE** attached to the tender and available to all bidders.

**RISK MANAGEMENT AND CREDIT ENHANCEMENT PRODUCTS** to lower financing costs and tariffs.

### The World Bank Group: A One Stop Shop for Solar Power

The World Bank Group has a long track record in the power sector. **IFC** is experienced in developing bankable private power projects and has a substantial track record in both tendering and financing solar plants. The **World Bank** supports client country governments with financing and advice to extend access to electricity, expand least-cost generation, create sustainable regulation and leverage the private sector. **MIGA** provides a range of political risk insurance products to attract private capital into emerging markets.



Photo: Alex Lang

# The Results

Scaling Solar has transformed the African power market, delivering dramatic reductions to tariffs and timelines.

## CHEAPER SOLAR

Cost per kWh of electricity from solar power in US cent\*:

**Scaling Solar Senegal** €€€€€ 4.3

**Scaling Solar Zambia** €€€€€ 4.8

South Africa (Round 4) €€€€€€€ 6.7

Uganda €€€€€€€€€€€ 9.8

Senegal (FIT) €€€€€€€€€€€€€ 12.3

Ghana €€€€€€€€€€€€€€€€ 17.0

South Africa (Round 1) €€€€€€€€€€€€€€€€€€€€€€€€€€€€ 25.5

\*Based on publicly available information and adjusted for indexation and inflation to allow for comparison.

## FASTER SOLAR

Time from start of procurement to start of first construction:

**Scaling Solar Zambia** 🏗️🏗️🏗️ 2.4 years

Uganda 🏗️🏗️🏗️ 2.7 years

**Scaling Solar Senegal** 🏗️🏗️🏗️ 3.0 years\*

Senegal (FIT) 🏗️🏗️🏗️🏗️ 4.0 years

South Africa (Round 4) 🏗️🏗️🏗️🏗️ 4.2 years\*

Ghana 🏗️🏗️🏗️🏗️ 5.1 years

Burkina Faso 🏗️🏗️🏗️🏗️🏗️🏗️ 8.9 years

\*Estimated time to construction as of May, 2018

## BETTER SOLAR

Developers that have participated in Scaling Solar tenders include:



# The Benefits

## Governments and Utilities

**SPEED:** Templates for all processes and documents enable rapid preparation, tendering and financial close.

**CERTAINTY:** The use of balanced, bankable documents guarantees pre-approved financing for suitable bidders.

**LOW COSTS:** Scaling Solar tenders attract competition among top-tier investors and minimize resulting tariffs.

## Project Developers and Investors

**MARKET CREATION:** Consistent tendering and bankable documents across multiple countries open up regional opportunities for developers looking for new markets.

**REDUCED DEVELOPMENT TIME AND COSTS:** Project preparation and due diligence supported by the World Bank Group; bankable documents, and pre-approved financing in place.

**A LEVEL PLAYING FIELD:** Clear and transparent award process allows developers and investors to compete on the basis of lowest tariffs and long-term commitment.

## International Donors and Development Partners

**REACH:** Support to multiple low-income, fragile, and conflict-affected states to achieve energy security and sustainable low-carbon growth.

**LEVERAGE:** Donor support leverages significant private capital through transparent, competitive tenders.

**IMPACT:** Rapid delivery of low-cost, sustainable electricity, helping developing countries meet urgent needs.

# The Process

With Scaling Solar, committed partners can achieve solar generation in as little as **two years**



## PROGRAM PARTNERS



USAID's Power Africa Initiative



Ministry of Foreign Affairs  
of the Netherlands



Ministry of Foreign Affairs  
of Denmark



UK's Department for  
International Development

