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

**The Process**

1. **PROJECT PREPARATION**
   - Technical & economic analysis
   - Site investigation
   - Legal & regulatory analysis

2. **BID PREPARATION**
   - Localization of tender and project documents
   - Attachment of financing, insurance, and credit enhancement

3. **TENDER PROCESS & AWARD**
   - Request for qualification
   - Bidder consultation
   - Request for proposals
   - Proposal review and award
   - Signing of project documents

4. **FINANCIAL CLOSE**
   - Finalization of contracts
   - Final project approvals
   - Finalization of loan agreements, insurance, and risk management

5. **CONSTRUCTION & OPERATION**
   - Construction
   - Commissioning
   - Operations

**PROJECT & BID PREP**

**Tender Process & Award**

**STEP 4**

**Financial Close**

**STEP 5**

**Construction & Operation**

**STEP 6**

**Construction & Operation**

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**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
- DevCo is part of Private Infrastructure Development Group