

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.

Photo: Neoen

## 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.



# The Results

Scaling Solar is transforming the solar PV market, delivering dramatic reductions to tariffs in Zambia and Senegal and with competitive auctions planned in several additional countries including Uzbekistan. 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.

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## 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.

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## 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**



Photo: Neoen

## PROGRAM PARTNERS

