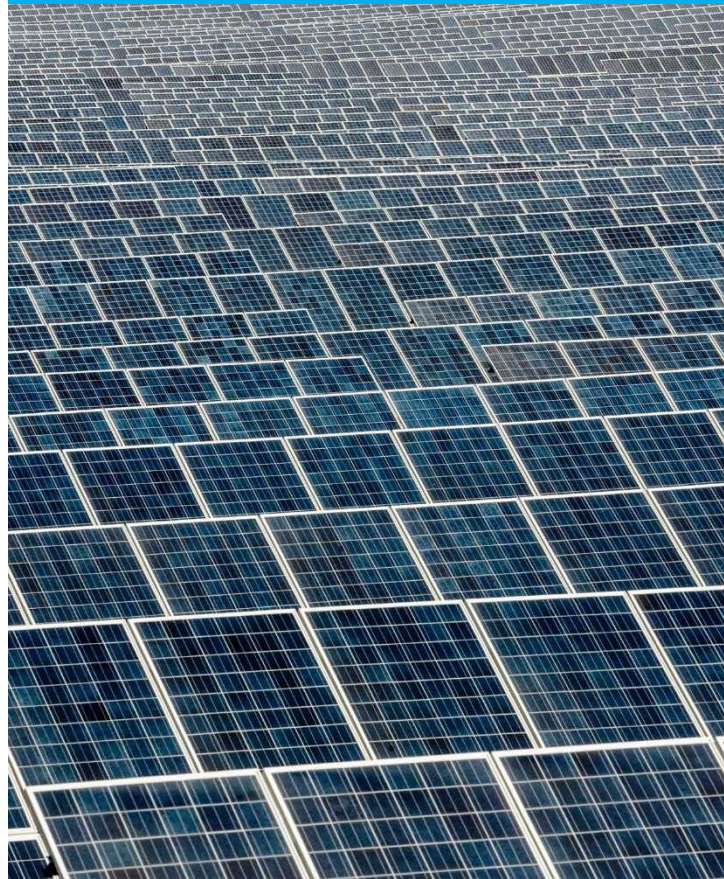


Scaling Solar



AN INNOVATION OF

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Scaling Solar:

An Update

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What is Scaling Solar?

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

How Scaling Solar Addresses SSA Challenges

The Challenge

- Large, unmet demand for electricity in SSA
- Lack of market scale and high perceived risk
- Procurement (delays & uncertainty)
- Lack of competition and high transaction costs

The Opportunity

- Good solar energy endowment in SSA
- Solar PV is quick to build and cost-competitive
- Private investors' interest

Scaling Solar: A WBG Solution

- Competitive, transparent procurement
- WB sector engagement
- Standardized, balanced contracts
- Competitive financing and risk mitigation instruments (WB Guarantee and PRI)
- “Packaged” approach

Scaling Solar Aligns with WBG / IFC Directions

1. Solution-orientation

- Not a product/instrument
- A response to a specific issue
- Starts from market barriers/ failures

2. Innovation

- Based on global best practice
- Differentiates WBG
- Powerful “one-stop-shop” approach

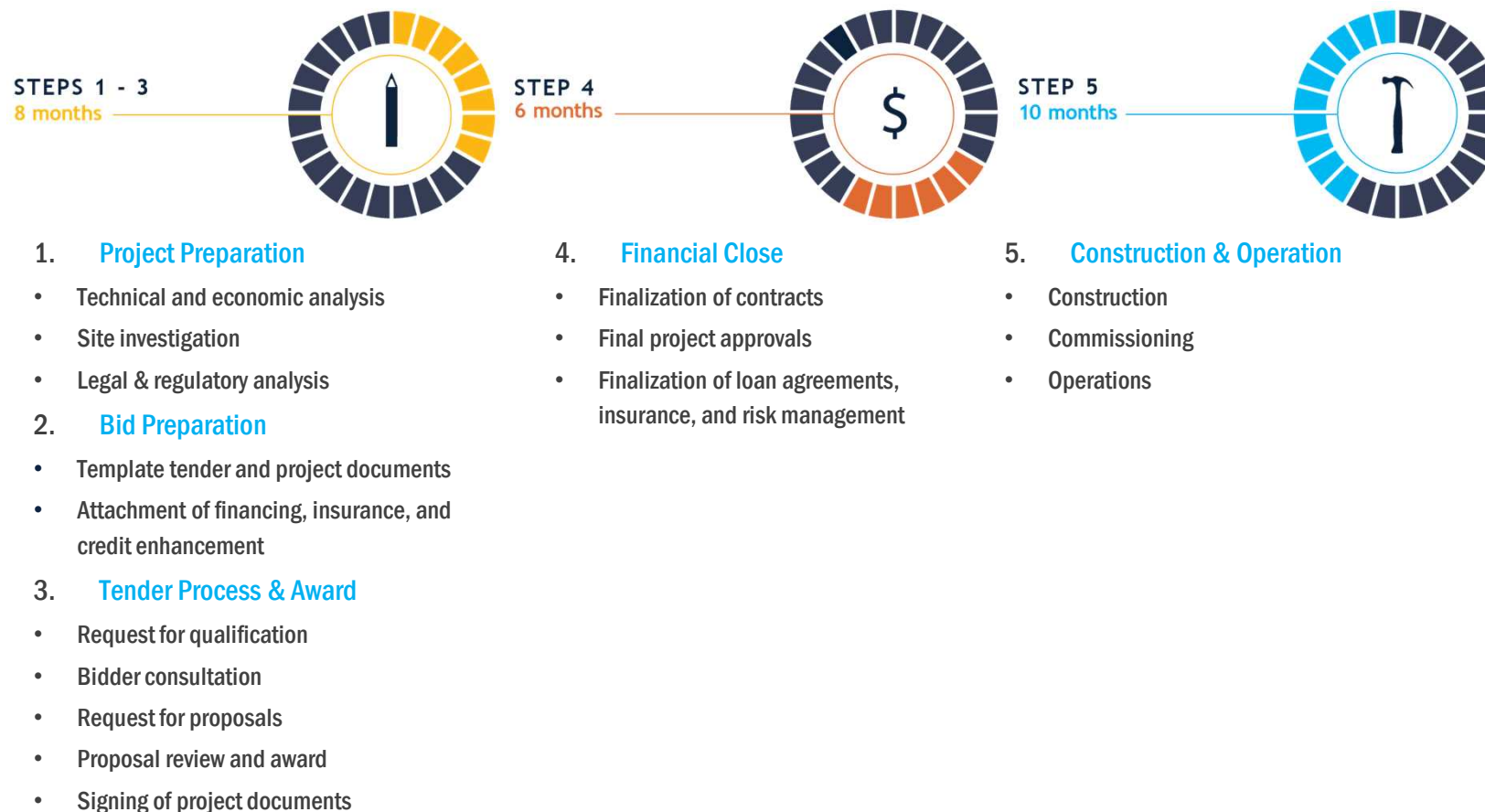
3. One WBG

- DNA of Scaling Solar
- Combines a wide range of WBG services
- Requires joint approach

4. Market Creation

- Overarching goal: a solar PV market in SSA
- Making solar PV affordable, fast and a realistic solution for Africa
- Bringing 1st class Sponsors to Africa

The Process: Potential for Generation in 2 Years



(*) Only achievable if there is a clear Government champion and ownership.
Initial implementations have faced delays due to land ownership issues, time for Government stakeholders to provide comments/clear documents, etc.

Scaling Solar vs. Regional Benchmarks

Sub-Saharan Solar PV: Comparison of Tariff and Time to Market



● Projects past financial close ● Ongoing projects as of January 1, 2018

Scaling Solar Mandates

Bringing global solar trends to SSA (lower tariffs driven by competition)

“Proof of concept”

Zambia

Round 1

- Project size: 2 projects for a total of 75.7 MWac
- Bids: 48 applicants at qualification, 11 prequalified
- Tariff: **Record-low tariff of 6ct/kWh** achieved
- Status: **First project under construction**

Senegal

- Project size: 100 MWac under procurement
- Bids: 28 applicants at qualification, 12 prequalified
- Status: Request for Proposals ongoing

Ethiopia

- Project size: Round 1 of 250MWac under procurement
- Status: In Pre-Qualification stage

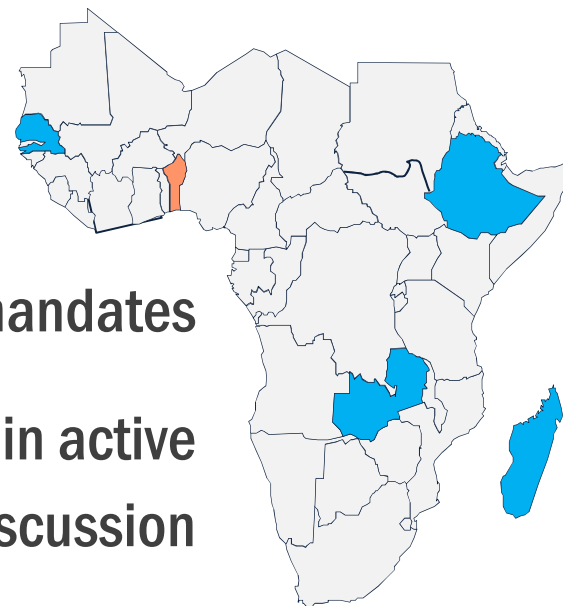
Madagascar

- Project size: 25 MWac under procurement
- In Pre-qualification stage

Round 2

- Project size: 300 MW under procurement
- Bids: 21 applicants at qualification, 12 prequalified
- Status: In preparation for request for proposal

5 active mandates
1 country in active discussion



Lessons Learned

1. Public Sector Consensus

Scaling Solar requires full buy-in across the public sector (Finance, Energy, Utility, Regulator). A lack of consensus and coordination among public sector stakeholders can result in significant delays.

4. Land Challenges

Scaling Solar assumes the Government will provide the project site(s). Land challenges have arisen in all mandates to date: unclear title, challenging geotechnical conditions, social issues (historic resettlement) etc.

2. Public Sector Focus

Scaling Solar covers the full project development cycle. Public sector stakeholders must be willing to take needed policy decisions in a timely manner and engage on all issues raised by bidders and lenders. IFC is there to help, but Governments must lead the process for projects to succeed.

3. Variation Across Countries

Scaling Solar seeks to standardize as much as possible, but some variation across countries is inevitable (to reflect different languages, legal systems etc.). However deviation from the proposed risk allocation should be minimized as far as possible.

5. Realistic Expectations

Governments and public sector stakeholders should have realistic expectations. Quick delivery requires proactive engagement of both the public and private sectors. Tariffs achieved in one country may not be replicable in the next country.

The Future of Scaling Solar: Continuous Improvement



Building on success:

- Marketing of Scaling Solar on a programmatic level
- Engagements across the globe
- Supporting project teams
- Engagement with other partners (donors, other development agencies)



Institutionalized learning:

- Incorporate learning from the various implementations
- Knowledge management & training
- Discussions on project management structure to ensure sustainability



Expanding the concept:

- Evaluating addition of storage solution
- Evaluating adoption of approach to other sectors (e.g. wind)
- Upstream engagement


How to Accelerate the Roll-Out of Scaling Solar?

*How do we collectively build the conditions and momentum
required for continuing to deliver?*

Questions for discussion

- How do we raise more awareness of the program?
- How do we ensure the right alignment to secure strong ownership by all Government stakeholders?
- Which countries in the region are suitable for Scaling Solar and might be interested to sign up?
- Other?



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