

Scaling Mini-Grid (SMG)



AN INNOVATION OF
WORLD BANK GROUP

THE WORLD BANK
IBRD • IDA

IFC | International
Finance Corporation

MIGA | Multilateral Investment
Guarantee Agency



Accelerating Private Investment in Large-Scale Mini-Grid Programs

The Challenge

Approximately 600 million people [lack access to electricity](#) in Africa. Clean energy mini-grids offer an affordable, sustainable way to expand electricity access across the continent. Mini-grids are highly suitable for remote load centers and offer an opportunity to accelerate electrification through diversification. Although prices have fallen significantly, many countries are still unable to develop sustainable mini-grid programs at scale due to various challenges, including:

LACK OF ADAPTED REGULATORY FRAMEWORKS: Limited, incomplete regulatory frameworks increase risks for investors and make financing more challenging.

LACK OF SCALE & COMPETITION: A fragmented, early-stage market produces smaller projects with higher tariffs and attracts smaller, less experienced developers.

INSTITUTIONAL CAPACITY: Lack of clear and stable public-private partnership (PPP) frameworks, coupled with limited institutional capacity, limits projects' bankability and negatively affects deployment pace.

HIGH PERCEIVED RISK: Prevalent demand, currency and political risks increase the cost of capital, driving up both tariffs and subsidy.

The World Bank Group: A One-Stop Shop for Mini-Grids

Scaling Mini-Grid is a one-stop shop for governments seeking to rapidly expand mini-grid PPP programs at competitive costs. SMG brings together a suite of World Bank Group services, templates and instruments under a single engagement to create a viable mini-grid market in each client country. IFC has decades of experience in developing and financing bankable private power projects, providing advisory services to governments and private sector partners, and implementing competitive tender processes. The **World Bank** offers financing solutions and advisory support to client governments as they develop regulations to accelerate access to electricity and attract private sector investments. **MIGA** provides a range of political risk insurance products to attract private capital into emerging markets.



The Solution

Scaling Mini-Grid (SMG), a World Bank Group innovation, aims to help emerging markets attract investments for large-scale mini-grid programs. SMG offers financing, advisory support and risk mitigation for governments and private investors. From early-stage site screening and assessment to a rapid tendering process, as well as a competitive financing and insurance process, the SMG program offers numerous advantages for clients. SMG aims to help clients to efficiently manage risks, with the twin goals of achieving competitive tariffs for mini-grid end users and shortening the time from project development to financial closure.

The SMG approach includes:

EARLY-STAGE SITE SCREENING AND DEMAND ASSESSMENTS incorporate commercial viability and E&S screening into the site-selection process and perform in-depth electricity demand assessment prior to tender.

COMPREHENSIVE ADVISORY SUPPORT for governments, including assistance in preparing and developing mini-grid programs, as well implementing competitive tenders.

SIMPLE & RAPID open tender process ensures strong competition from committed industry players.

STANDARDIZED, BALANCED PROJECT DOCUMENTS eliminate drafting and negotiation delays.

COMPETITIVE FINANCING AND INSURANCE packages, including public and private financing and insurance instruments, for inclusion in the tender and available to all bidders.

RISK MANAGEMENT AND CREDIT ENHANCEMENT lowers financing costs and delivers competitive tariffs.

The Benefits

Government

DE-RISKING. Early-stage assessment and advisory support helps de-risk investments and accelerate projects.

CUSTOMIZED PROCESS AND SPEED. Templates for all processes and documents enables rapid preparation, tendering and financial close. Templates can be customized and localized for each country.

CERTAINTY. Balanced documents facilitate the provision of readily available financing for suitable bidders.

LOW COSTS. Scaling Mini-Grid tenders aim to attract competition among top-tier investors, resulting in competitive tariffs and decreased subsidy requirements.

Project Developers

MARKET CREATION. Consistent tendering and balanced documents across multiple countries open regional opportunities for developers looking for new markets.

REDUCED DEVELOPMENT TIME AND COSTS. Well-supported project preparation, due diligence, bankable documents as well as readily available financing and de-risking products reduce both time and costs.

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. Supports multiple low-income, fragile, and conflict-affected states to accelerate access to clean energy and sustainable growth.

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

IMPACT. Rapid delivery of low-cost, clean electricity.

The Process



STEPS 1 TO 3

8 months

Project & Bid Preparation
Tender Process & Award



STEP 4

8 months

Financial Close



STEP 5

10 months

Construction & Operation

1

PROJECT PREPARATION

- Site selection, including viability and E&S screenings
- Technical due diligence, including in-depth electricity demand assessment
- Legal and financial analysis

2

BID PREPARATION

- Localization of tender and project documents
- World Bank Group consultations for 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, insurance, and risk management agreements

5

CONSTRUCTION & OPERATION

- Construction
- Commissioning
- Operations



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www.ifc.org/scalingminigrid

www.ifc.org/energy



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Program Partners



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