



## **RURAL ELECTRIFICATION AGENCY**

ENERGY = EMPOWERMENT = EFFICIENCY

### **NIGERIA ELECTRIFICATION PROJECT**

#### **TERMS OF REFERENCE**

**FOR CONSULTANCY SERVICES FOR THE ENGAGEMENT OF GRANTS ADMINISTRATOR FOR THE MINI  
GRIDS AND PRODUCTIVE USES COMPONENTS**

**REF NO: REA-NEP/C/QCBS/06/2020**

## 1. BACKGROUND

- 1.1. It is estimated that 95 million people in Nigeria do not have access to electricity. Nigeria has the second largest population without access to electricity in the world (after India which has over 240 million people without access). A significant proportion of this population without access live in rural areas; approximately 36% of Nigeria's rural population does not have access to electricity.
- 1.2. In support of the Federal Government of Nigeria's (FGN's) efforts to improving the country's power sector and in response to a request from the FGN, the Board of the African Development Bank (AfDB or the "Bank") approved a USD 200 million sovereign facility to support and finance the Nigeria Electrification Project (NEP). NEP will be implemented by the Rural Electrification Agency (REA or the "Implementing Agency") an Agency saddled with the responsibility of rural electrification. REA has developed the Off-Grid Electrification Strategy, which aims to provide access to clean and sustainable electricity to millions of Nigerians.
- 1.3. The proceeds of the AfDB's financing for NEP will be applied across the following four components (the "Project"): (i) **Component 1**: a minimum subsidy tender program awarding subsidies to private sector developers to catalyze the rollout of solar and/or hybrid mini-grid solutions across up to 300 sites split into 9 lots; (ii) **Component 2**: a result-based grant incentivizing solar home system installation companies and mini-grid developers to incorporate the distribution and sale of energy efficient productive use appliances in their regular line of activities; **Component 3**: phase 3 of the Energizing Education Program (EEP), a government-led initiative that aims to install dedicated power systems for eight federal universities; and **Component 4**: technical assistance and capacity building for a wide range of public and private sector stakeholders in the country's off-grid sector.
- 1.4. REA's Off Grid Electrification Strategy has a range of objectives focused on providing off grid rural communities access to clean and sustainable electricity. The relevant objectives for the purpose of this Terms of Reference (TOR) are as follows:
  - 1.4.1. To utilize the funding from the Nigerian Electrification Project (NEP) as a catalyst to scale up rapid implementation of off grid electrification across Nigeria and attract investment;
  - 1.4.2. To promote the use of decentralized, multi-demographic approach to power infrastructure delivery;

- 1.4.3. To develop 10,000 mini grids by 2023 which will provide power to 14% of the population.
- 1.5. Specifically, within the support for mini grids, USD70 million is allocated for a minimum subsidy tender involving competitive bidding for 300 pre-selected mini grid sites clustered into 9 lots. Bidders are expected to compete on the basis of lowest subsidy requirement to build, own and operate a portfolio of mini grids. Detailed economic and geospatial data will be made available to developers, along with standardized designs, incorporating solar PV and diesel generators, as well as smart meters using a prepaid system.
- 1.6. A further USD20 million is made available for a results-based grant to incentivize mini grid developers to include the distribution and sale of energy efficient productive use appliances in their electrification operations. The component serves to increase the productive use of power and activate the appliance market and make mini-grids more sustainable. This will encourage developers to make productive use appliances a part of their overall strategy for mini grid viability.
- 1.7. REA has done and is doing a significant amount of preparation work for the target communities where mini grids will be rolled out. Most importantly, this includes detailed energy audits in selected villages to understand energy consumption behavior within the communities. Significant work has also been carried out on the mini grid regulations, which are widely regarded as positive for encouraging the development of mini grids in the country.

## **2. OBJECTIVE**

- 2.1. The overall objective of this terms of reference is for the engagement of a firm (the “Grants Administrator”) to support REA-PMU to manage the day-to-day administration of the grants and subsidies for Components 1 and Component 2.

## **3. Scope of the Assignment**

- 3.1. The Grants Administrator will support the REA PMU with implementing the programme’s objectives to disburse the total sum of US\$90million in grants and subsidies to grantees upon fulfillment of stipulated conditions in the grant agreements .
- 3.2. The Grants Administrator will support the PMU with preparing disbursement plans and forecasts for the disbursement of grants/subsidies under Components 1 and 2.
- 3.3. For component 2, the Grants Administrator will support the PMU with the review of the application process, screen applicants against eligibility criteria for pre-qualification, request and review reports of grantees.
- 3.4. The firm will administer the grants and present disbursement requests to the PMU for payment to grantees upon validation of grantees’claims/requests by the independent verification agent.
- 3.5. Grant payments/disbursement will be made by the PMU upon presentation of requisite documentation by the Grants Administrator.
- 3.6. The Grants Administrator is required to work closely with the Independent Verification Agent.

## **4. GRANT ADMINISTRATION ACTIVITIES/KEY DELIVERABLES**

- 4.1. Task 1 – Coordination of grant rollout and evaluation for component 2:  
Grant Administrator will prepare materials for launch of the grant opportunity for component 2. To this end, the Grants Administrator will be required to support the PMU with the following activities:
  - 4.1.1. Set application window and communicate timeline and application requirements to energy access companies
  - 4.1.2. Review and evaluate incoming applications and select pre-qualified energy access companies/applicants meeting the basic eligibility criteria for Component 2.

- 4.1.3. Recommend to the Selection Panel candidates that meet the pre-qualification criteria for Component 2 and other funding window within Component 1 where applicable.
  - 4.1.4. Assist the Selection Panel in defining disbursement milestones, disbursements schedules, and data reporting requirements for each grantee.
- 4.2. Task 2 – Ongoing grant administration for components 1 and 2: The Grants Administrator will perform day-to-day management of the funds/funding windows, including
- 4.2.1. Tracking performance and milestones (through interim reports)
  - 4.2.2. Ongoing monitoring of grantee performance and initiation of non-performance protocols where necessary
  - 4.2.3. Aggregating and managing of grantee operational data
  - 4.2.4. Submitting of quarterly and annual reports (in writing, and upon request, in person) to REA-PMU

## **5. FIRM'S QUALIFICATION AND REQUIREMENTS FOR THE KEY EXPERTS**

- 5.1. The Consultant will be a firm or consortium of firms with a demonstrated track record of managing similar performance-based grants and funds in similar markets. The firm should have successfully delivered at least two similar assignments within the last 10 years. Similarity being: size, complexity, technology, operational context and economic and social settings of the client country. The consultant must also have
- 5.1.1. experience in, and understanding of, the off-grid solar market in sub-Saharan Africa, ideally including pay-as-you-go solar (minimum of two years)
  - 5.1.2. a track record of structuring and managing grant funds aimed at market stimulation, ideally funds created by multilateral development banks and/or development finance institutions and/or bi-lateral development assistance agencies (minimum of three years)
  - 5.1.3. Understanding of success factors of for-profit businesses and grant applicants/grantees (including awareness generation, sourcing, and diligence).

5.1.4. Experience managing reporting relationships with government stakeholders and large development finance organizations is highly desirable.

5.2. The Consultant's team must include the following:

5.2.1. **Team Leader** with:

5.2.1.1. an Advanced University Degree in finance, international development, management or related field.

5.2.1.2. A minimum of 10 years or more in managing large donor or government funded programs

5.2.1.3. Demonstrated experience in managing funds, preferably in promotion of off-grid renewable energy

5.2.1.4. Experience in, and understanding of, the off-grid solar market in Sub Saharan Africa, ideally including pay-as-you-go solar

5.2.1.5. A track record of structuring and managing Performance-based Grants aimed at market stimulation, ideally funds created by multilateral development banks and/or development finance institutions and/or bi-lateral development assistance agencies or

5.2.1.6. A track record of providing financing to rural/off-grid home appliance distribution businesses and/or consumer finance businesses

5.2.1.7. Demonstrated understanding of success factors of for-profit businesses;

5.2.1.8. Experience managing reporting relationships with government stakeholders and large development finance organizations is highly desirable;

5.2.2. **Senior Investment Officer** with:

5.2.2.1. advanced degree in finance, economics, business administration, or related field

5.2.2.2. a minimum of five years' experience in origination, due diligence, structuring and monitoring of corporate and/or consumer finance grant funds

5.2.2.3. a minimum of three years' experience in the off-grid solar market in Sub Saharan Africa, ideally including pay-as-you-go solar

5.2.2.4. understanding of success factors of for-profit businesses Design and management of grant servicing, monitoring and evaluation processes

**5.2.3. Junior Investment Officer with:**

- 5.2.3.1.a Bachelor's degree in finance, economics, business administration, or related field;
- 5.2.3.2.a minimum of two years' experience in origination, due diligence, structuring and monitoring of corporate and/or consumer finance grant funds;
- 5.2.3.3.a minimum of one years' experience in the off-grid solar market in sub-Saharan Africa, ideally including pay-as-you-go solar;
- 5.2.3.4.demonstrated research, financial and sectoral analysis skills;
- 5.2.3.5.understanding of success factors of for-profit businesses;
- 5.2.3.6.experience in management of grant servicing and monitoring and evaluation processes

**5.2.4. Off-Grid Solar Analyst with:**

- 5.2.4.1.a Bachelor's degree in finance, economics, international development or related field
- 5.2.4.2.a minimum of one years' experience in the off-grid solar market in Sub Saharan Africa, ideally including pay-as-you-go solar in Nigeria
- 5.2.4.3.demonstrated financial, research and analytical skills
- 5.2.4.4.Understanding of success factors of for-profit businesses
- 5.2.4.5.Management of grant servicing and monitoring and evaluation processes

**6. REMUNERATION AND PAYMENT**

- 6.1. Payments to the Consultant shall be made based on the time inputs of the staff and the actual expenditures incurred (evidenced with appropriate receipts) under the reimbursable component of the contract, as well as submission of the reports of the activities listed in paragraph 3 and 4 in a manner acceptable to the Client.
- 6.2. Reports of each deliverable will be submitted as follows: One Electronic copy and three hard copies.

- 7. Duration of Assignment:** The initial phase of the assignment is 24 months with the possibility of extension upon satisfactory performance.

**8. Facilities to be Provided by the Client**

REA will provide the Consultant with the relevant documents and information (as may be applicable) to enable the consultant to perform the assignment.

## **9. SELECTION METHOD**

9.1. Consultant will be selected in accordance with the Quality and Cost Based Selection (QCBS) Method set out in the African Development Bank's "Rules and Procedures for the use of Consultants" May 2008 Edition Revised July 2012, which is available on the Bank's website at <http://www.afdb.org>.

## **10. COPYRIGHT AND OWNERSHIP**

10.1. All raw and finished materials shall be owned by the REA. The Consultant shall maintain confidentiality of all information received from the REA and other sources concerning all data and insights obtained during the course of the Project.