

## **Nigeria's Performance-Based Grant (PBG) Results-Based Financing program**

By providing developers a US\$350 grant subsidy per household connection to cover capital expenditures after 90 days of service, Nigeria's Rural Electrification Agency (REA) has attracted qualified developers and investors who have committed US\$40 million as of 2020. A quick, predictable process has been invaluable for developers.



REA'S MANAGING  
DIRECTOR AHMAD  
SALIHJO SIGNING  
AN EXECUTED GRANT  
AGREEMENT WITH A  
DEVELOPER. PHOTO  
COURTESY REA

## THE SITUATION

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- Nigeria has a potential US\$8 billion minigrid market, but the sector is still nascent and needs to mature to serve consumers
- The country needs a combination of cost-reflective tariffs and a subsidy serving customers in rural areas
- A track record of slow minigrid deployment and subsidies in other contexts discourages developers and investors, reducing impact

## THE SOLUTION

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A grant subsidy of US\$350 per connection is made available to minigrid developers after 90 days of providing service to a household.

The service provision is validated by Odyssey Energy's data platform, which collects energy use data remotely via smart meters. A dedicated desk in Nigeria's regulator, NERC, facilitates permitting and licensing, ensuring a smooth process. The program is supported by the World Bank.

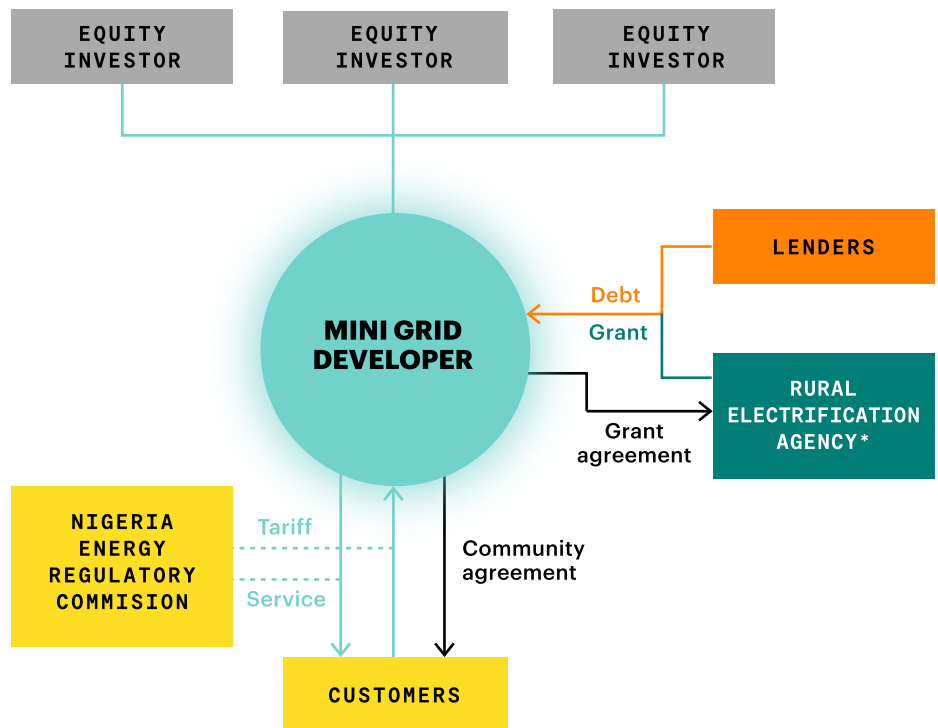


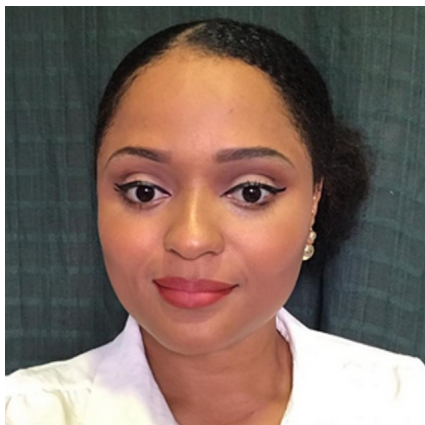
SHIMANKAR 334KW  
MINIGRID. PHOTO  
COURTESY REA/GVE GROUP

# THE IMPACTS

- The first minigrid under the program, constructed by PowerGen, took less than two months from application to commissioning
- Three minigrids have been commissioned, with combined capacity of 200 kW
- Over 3,000 kW of capacity and 32,000 household connections are in the pipeline
- 14 developers are participating in the program, attracting over US\$40 million in financing

## Structure of the Performance-Based Grant





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**REA’s PBG program has been fantastic. It has helped PowerGen to attract investors with the confidence that a grant subsidy is available and we’ll be able to quickly access it.**

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**Moyeen Abiodun**  
Nigeria Country Director,  
PowerGen

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## **ACCESS NIGERIA’S PERFORMANCE-BASED GRANTS:**

[rea.gov.ng/mini-grid-pbg/](https://rea.gov.ng/mini-grid-pbg/)

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### FURTHER READING ON RESULTS-BASED SUBSIDIES

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- [IFC INSIGHTS: INVESTORS FORECAST BRIGHT FUTURE FOR MINIGRIDS IN AFRICA](#)  
IFC 2020.
- [INVESTOR POSITION PAPER: UNLOCKING PRIVATE CAPITAL FOR MINI-GRIDS IN AFRICA](#)  
2019
- [RESULTS-BASED FINANCING FOR ENERGY ACCESS: HOW TO DESIGN AND IMPLEMENT PROJECTS: LESSONS FROM THE FIELD](#)  
EnDev 2018

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## **ELECTRIFYING ECONOMIES**

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### **The Electrifying Economies project**

demonstrates the role distributed energy will play in ending energy poverty and catalyzing a green and equitable recovery from the Covid-19 crisis. It draws on the latest data and research from around the world to show how distributed renewables can provide sustainable, affordable, and reliable power for all. The project provides information to support policy makers and investors in taking action today, to realize this potential.



**#ElectrifyingEconomies**  
**ElectrifyingEconomies.org**