



RURAL ELECTRIFICATION AGENCY

ENERGY = EMPOWERMENT = EFFICIENCY

**DISTRIBUTED ACCESS THROUGH RENEWABLE ENERGY
SCALE-UP PROJECT**

DRAFT TERMS OF REFERENCE

FOR

**Consultancy Services for the Engagement of Grants Administrator for the
Distributed Access Through Renewable Energy Scale-Up (DARES) Project**

REA-NEP/C/QCBS/180/2024

August 2024

Terms of Reference

Engagement of Grants Administrator for the Distributed Access Through Renewable Energy Scale-Up (DARES) Project

1.0 Background

In 2018, the Federal Government of Nigeria secured a low-cost loan of US\$ 550 million (US \$350 million from the World Bank and US\$ 200 million from the African Development Bank) for the implementation of the Nigeria Electrification Project (NEP, P161885). The NEP, being the FGN's flagship off-grid access program was launched in 2018 with of aim of connecting more than 3.5 million people, 90,000 MSMEs, and public institutions (15 universities, two teaching hospitals, and 100 COVID-19 isolation centers). The NEP has been successful in delivering clean, reliable electricity to more than seven million people and had created an ecosystem for private sector led electrification in Nigeria supported by catalytic public sector subsidies administered as results-based financing (RBF).

Although the NEP has laid credible foundation to help Nigeria reach universal access by 2030 and achieve its Nationally Determined Contribution (NDC) commitments under Paris Agreement, a lot still has to be done towards achieving these ambitions.

In recognition of the need to further accelerate access to clean, reliable and sustainable power towards bringing to realization Nigeria's Energy Transition ambitions, the FGN in partnership with the World Bank have embarked on the implementation of the Nigeria Distributed Access Through Renewable Energy Scale-Up Project with the aim of scaling-up on the existing impact of the NEP.

The DARES was launched by the World Bank in 2022 at COP 27 in Egypt. The Nigeria DARES ("DARES") project is the first World Bank initiative globally and seeks to accelerate electricity access to over 13 million Nigerians in rural, unserved and underserved peri-urban areas through the deployment of mini-grids (Isolated and Interconnected) and stand-alone solar solutions using innovative financial and de-risking instruments to triple the pace of electrification.

The DARES project which is a US\$750 million loan facility is funded by the IFC (debt facility) in collaboration with World Bank (IDA financing), to create the platform for scaling up private sector- led electricity access solutions.

Given the success of the NEP and mandate of the REA to further increase the deployment of sustainable energy access solutions to unserved and underserved parts of Nigeria, the DARES just like the NEP will be implemented by the REA through the existing Project Management Unit (PMU), and the REA has signed a subsidiary

agreement with the Federal Ministry of Finance to initiate implementation of the DARES.

The DARES project has three components, all of which will be implemented by the REA:

1. Component 1: Solar Hybrid Mini Grids for Rural Economic Development (the total IDA commitment for Component 1 is USD410 million)
2. Component 2: Stand-Alone Solar Solutions (the total IDA commitment for Component 2 is US\$300 million)
3. Component 3: Technical Assistance (The total IDA commitment for component (US\$40 million)

2.0 Objective

The primary objective of the DARES Project is to increase access to reliable electricity services for households and MSMEs by supporting private sector-driven distributed renewable energy solutions. This aligns with Nigeria's broader goals of mitigating greenhouse gas emissions and advancing sustainable development.

3.0 Scope of work

3.1 Assignment scope

The Grant Administrator will be responsible for providing accountability of funds disbursed to grantees for component 1, component 2 and component 3 by reporting on utilization of funds in line with the project requirements including tracking of milestones, reviewing of reports from grantees, preparing disbursement forecasts and disbursement instructions for the PMU and generally administering the grants. The Grant Administrator will report to the REA-PMU. Actual grant payments to the grantees will be made by the PMU upon satisfactory presentation of requisite documentation by the Grant Administrator. The overall governance of DARES is described in the Project Implementation Manual (PIM), and it will be updated on a regular basis. Specifics of the program are outlined.

3.2 Overview of Mini grid - Component 1

The Mini grid component has a total allocation of \$410 million and this component has two sub components namely.

- I. Isolated Mini Grid (1100 Mini grids)
- II. Interconnected Mini Grid (125 Mini grids)

The aim of this component is to increase energy access to Rural, urban and Peri-Urban areas defined as Band C and below by the Discos. This component will support the development of privately owned and operated solar hybrid mini grids in unserved (primarily rural and remote) and underserved (primarily urban and peri-urban) areas that have high economic growth potential. This component will also support the deployment of privately owned and operated solar rooftop solutions at large general hospitals in Lagos state under an Energy As A Service (EAAS) model due to the state's readiness.

This component will be implemented as follows:

- I. Performance Based Grant (PBG) for Isolated Mini Grids
- II. Minimum Subsidy Tender (MST) for Isolated Mini Grids
- III. Performance Based Grant (PBG) for interconnected Mini Grids
- IV. Minimum Subsidy Tender (MST) for Interconnected Mini Grids
- V. Rooftop Solar Demo with Lagos State

A mini grid refers to an integrated local generation and distribution system with installed capacity below 1MW or with embedded generation/franchising of up to 5MW for interconnected mini grid, capable of serving numerous end-users independently from the national grid.

3.3 Overview of Stand-Alone Solar Solutions - Component 2

The Standalone Solar systems component has a total allocation of \$300 million. This component aims to increase energy access to households, MSME'S, agribusiness and healthcare facilities. This component will be implemented as follows.

- I. PBG for Standalone Solar Systems (energy solutions for households, MSME's, economic clusters, healthcare facilities and agribusinesses)
- II. PBG for Productive Use of energy (an equipment specific approach to electrification, deploying energy efficient equipment and appliances to various sectors)
- III. Catalytic grants

3.4 Overview of Technical Assistance - Component 3

Technical Assistance (TA) is a key instrument for improving policies and project design, enhancing skills and strengthening implementation capacity and institutional development of the REA and its key stakeholders.

The component 3 involves three dimensions as stated below.

- I. Capacity building of REA
- II. Ecosystem building
- III. Engagement with States

Grant structure:

Performance Based Grants (PBGs)

The PBG will have an overall life of up to 5 years. The disbursement cycle will be determined by the Grant Administrator and REA-PMU as captured in the PIM, factoring in the best practices associated with Performance-based Grants and the timelines required by the Independent Verification Agency (IVA). Applications for PBGs will be accepted on a rolling basis.

For Standalone Solar Systems (SAS), the grant amount to be paid per category of SAS and will be reviewed regularly to ensure effectiveness and will reduce over the life of the program to a nominal level during the final period of the program. For mini grids, the grant amount will be provided to mini grid projects based on the number of new connections. All business models are eligible.

Individual businesses will submit applications for evaluation. Pre-qualified applications will then be recommended for approval to the Selection Committee.

The Pre-Qualification will focus on technical standards of the solar PV products, business integrity, competence in financial administration, legal compliance, technical delivery, warranty and its delivery.

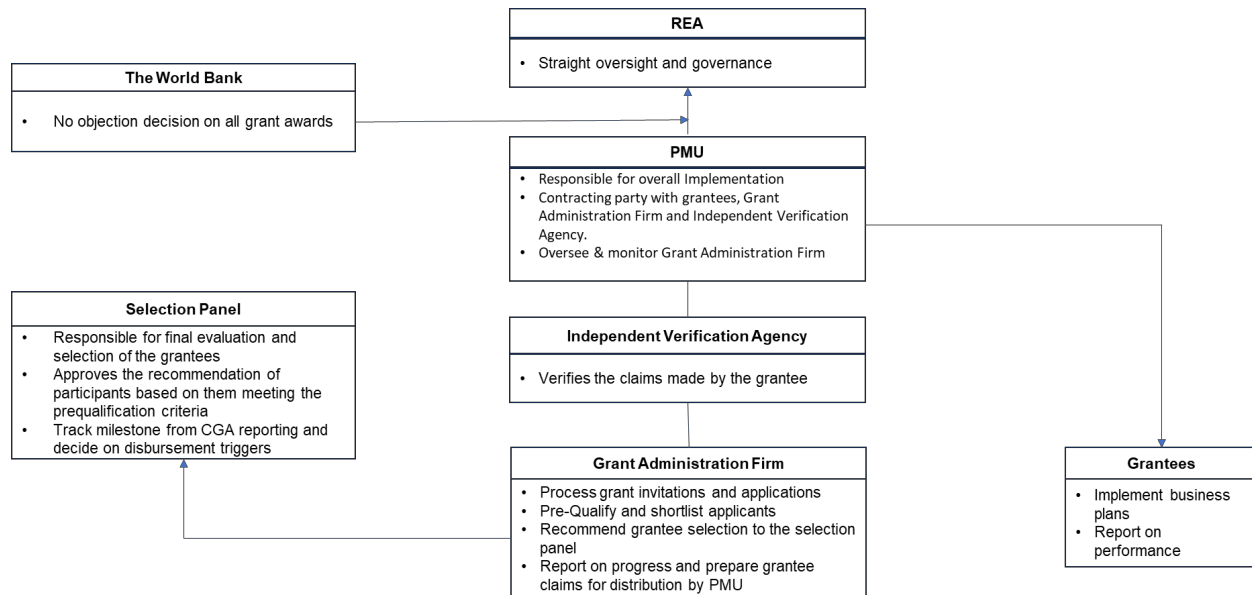
Minimum Subsidy Tender (MST)

This sub-component aims to catalyze mini grid deployment at scale. The MST will consist of competitive tender on the basis of a minimum subsidy requirement.

² The Selection Committee will comprise of a pool of experienced professionals from PMU, the Grants Administrator and a SHS commercial sector specialist with previous evaluation experience.

Catalytic Grants (CG)

This sub-component will aim to provide incentives to companies targeting the poor, remote, or hardest-to-reach consumers in the country. The CG will be offered on a matching basis to ensure the company commits its funding and is committed to the cause. The focus of the CG shall be to provide upfront grants that will support companies seeking to distribute in hard-to-reach, underserved areas, with a key focus on poor, remote, and hardest-to-reach consumers.



4.0 GRANT ADMINISTRATION SCOPE OF WORK

The Grant Administrator (GA) will be responsible for the successful monitoring, tracking, reporting, general administration and accountability of components 1, 2 and 3 (PBG, MST, CG and the TA) across all IDA financed components. The propose GA firm will possess Grant administration expertise combined with a breadth experts to support the outcomes of the project.

The scope also includes measures relative to the overall management and oversight of the grant instruments, harmonized Project reporting to the PMU, and simplified and streamlined implementation support to the grantees, to help maximize outcomes and minimize risk, delivering the greatest benefit to the program.

Task 1 – Grant Rollout

Based on processes developed in the PIM and PMU guidance, as well as REA approval of the PIM, the Grant Administrator will perform the following activities:

- Participate in industry awareness for DARES facilities among solar operators and other stakeholders through a workshop, bilateral conversations, use of in-house marketing and communications resources, etc., ensuring a

streamlined user journey, minimizing the administrative requirements for applicants and an inclusive application process.

- Assist the Selection Panel in defining disbursement milestones, disbursements schedules, and data reporting requirements for each grantee
- Develop and implement appropriate governance and grant administration processes, financial administration processes, including transparent and regular reporting to demonstrate that funding targets are on track and effectively forecast program spending.
- Review processes for disbursement of funds, including further defining the milestones and contract or agreement templates as may be required.
- Develop periodic reporting arrangements including quarterly and annual reporting processes and relevant templates (e.g., interim financial report templates, program tracking and monitoring report etc.) to the PMU and the Selection Panel as applicable.
- Review processes for managing conflicts of interest with partnering firms (if applicable) and independent verification agent.
- The Grant Administrator shall come up with innovative ways to streamline and simplify the grant administration process to achieve the outcome of the program

Task 2 – Ongoing grant administration

The Grants Administrator will perform day-to-day management of the grant admin operations, including:

- Ensure general accountability of the fund and determine a robust reporting framework.
- Receive and review claims from grantees and make recommendations to the REA-PMU based on milestone achievements.
- Interact with the REA-PMU, WB and other relevant stakeholders to ensure that the grant project complies with program guidelines for expenditure, funding and accountability.
- Track progress and performance of component 1, component 2 and Component 3 of the DARES
- Produce periodic reports including interim reports, summary quarterly reports and annual reports on program metrics, outcomes, financial progress and participation.
- Monitor ongoing performance of grantees and initiate non-performance protocols where necessary.
- Aggregate and manage grantee operational data.
- Submit quarterly reports or as may be required (in writing, and upon request, in person) to REA-PMU (see section on contracting and governance arrangements below)
- Leverage technology for project tracking including setting up funding allocation, in line with established project milestones, monitor projects

through to completion, provide secure real time document exchange, track requests from multiple locations, establish audit trail by recording inputs, status changes and decisions by user and timestamp etc. to reduce cost and optimize processes.

- Utilize interactive dashboards to present key findings and make forecast to enable data-driven decision-making.
- Provide reports and advice to the REA-PMU on trends and challenges where necessary.
- Proactively track and monitor approvals and disbursement of funds in line with DARES commitment. Initiate protocols to manage delinquency, non-compliance, and non-performance (e.g., claw-back and cancellation provisions) in line with approved policies

Task 3 – Oversight, Support, Facilitation and Coordination

The Grant Administrator will oversee and coordinate activities to ensure the successful delivery of components 1 ,2 and 3. This includes:

- Working closely with the PMU to effectively deliver components 1 ,2 and 3 of the DARES Project.
- Coordinating with the REA-PMU, and other stakeholders to align activities of components 1 ,2 and 3. with the overall goals and priorities the DARES Project.
- Support the PMU to develop an integrated approach to ensure coherence and synergy between different components of the DARES initiative.
- Work closely with the REA-PMU to establish and maintain a governance structure, including steering committees, working groups, and advisory panels, to guide and support the implementation of components 1 ,2 and 3
- Apply methodologies and best practices to ensure all work packages of components 1 ,2 and 3. are delivered on time, within scope, and within budget.
- Assign roles and responsibilities and establish a clear communication plan to ensure all stakeholders are informed and engaged.
- Develop and maintain an innovative and dynamic information system to track progress, manage changes, and report on key performance indicators (KPIs).
- Maintain payment records, review claims and record receipts.
- Ensure alignment between project expenditure and available funding.
- Develop pricing benchmarks for the commercial bids in line with current market trends.
- Carry out studies on emerging technologies and trends that can be leveraged to enhance the efficiency and impact of the program.
- Quarterly review of output/performance from all the consultants in line with terms of reference to ensure alignment with project goals and outcomes. Recommend disbursement of funds in line with the predetermined milestones.

- Review the entire process for consistency with the goals of the program and propose robust controls to mitigate any identified risks of non-compliance with the overall project objectives.

Task 4 - Capacity Building of REA Staff on Grant Administration

The Grant Administrator will also coordinate activities to build the capacity of REA and DARES-PMU staff in the areas of Grant Administration. This should entail, but not limited to, the following:

- Conduct a training need identification survey among REA staff (including those at the zonal level) and identify related Grant Administration capacity gaps;
- Develop appropriate training package in consultation with relevant REA Departments and the DARES Project Management Unit;
- Organize capacity building training to REA staff to minimize the capacity gaps among the staff.

The Consultant will be required to carry out other related tasks, within the Project Management Unit, for the Project.

5.0 GOVERNANCE AND CONTRACTING ARRANGEMENTS

Administration of the Grants under the DARES will be awarded to a single firm or jointly to a group of firms (the Grant Administrator) under a single contract. Firms bidding jointly will need to do so in one of two ways:

- As a single prime consultant with any number of sub-consultants, whereby the prime-consultant enters into a contract with REA-PMU, assumes legal responsibility for all undertakings, and subcontracts independently to any number of partnering firms.
- As a Joint Venture, whereby partnering firms enter into a joint legal agreement with REA-PMU and both assume legal liability. Note that no more than two partnering firms can bid as a Joint Venture.

The Grant Administrator will be selected and contracted by the REA Project Management Unit (PMU). The PMU will make disbursements to the firms directly from its account upon the final recommendation by the Grant Administrator and the Selection Panel.

Inputs provided by REA-PMU to the selected firm will include the following:

- Final DARES PIM
- Draft Invitation to Apply Letter (promotion of the grant opportunity)
- Draft Application template
- Draft Scoresheets for PBG and MST.

A list of documents that will need to be drafted by the Grant Administrator includes quarterly performance reporting template, etc.

6.0 GRANTS ADMINISTRATOR QUALIFICATIONS AND SELECTION CRITERIA

The selected Grant Administrator would have a demonstrated track record of managing and administering similar funds in similar markets. Applicants should clearly demonstrate the following qualifications:

- Experience in, and understanding of, the off-grid and mini-grid solar market in Sub Saharan Africa (demonstrable experience in the last 5 years working with IDAs and particularly with the REA will be an added advantage).
- A track record of administering 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 (demonstrable experience in the last 5 years working with IDAs and particularly with the REA will be an added advantage). Other related experience in Nigeria will be considered as a plus)
- Understanding of success factors of for-profit solar businesses models and grant applicants/grantees (including awareness generation, sourcing, and diligence).
- Experience in managing and implementing large scale IDA funded renewable energy programs and projects in the last 5 years. Experience managing reporting relationships with government stakeholders and large development finance organizations is highly desirable. (previous experience working with REA, will be an added advantage).
- Knowledge of renewable energy policies and industry standards, and experience in documentation management, reporting and compliance management.
- The Consultant will be a firm or consortium of firms with a demonstrated track record of managing similar performance-based grants and challenge funds in similar markets. The firm should have successfully delivered at least two similar assignments within the last 5years for a fund size of between **\$500m to \$1billion**. Similarity being size, complexity, technology, operational context and economic and social settings of the client country.

7.0 COMPENSATION FOR GRANTS MANAGEMENT

Compensation will be on a fixed fee basis and will be determined by the Grants Administrator in the financial proposal and finalized during contracting with REA. Payments will be made on a quarterly basis pending submission of quarterly reports and approval by the REA PMU. The amount of each quarterly payment will be specified during contracting based on estimated Grants Administrator level of effort during that period. Disbursement triggers will be finalized during contracting.

8.0 THE COMPOSITION OF THE CONSULTANTS TEAM

The Consultant's team must include the following (at minimum):

Key Experts:

- Project Team Leader
- Senior Financial Analyst
- Renewables Energy Expert
- Junior Financial Analyst
- Legal and Compliance Expert

QUALIFICATION AND OTHER REQUIREMENTS FOR THE KEY EXPERTS

Team Leader

Qualifications:

- Advanced University or professional qualification in finance and accounting, international development, management or related field (i.e. Masters, ICAN, ACCA, CFA)

Desired Experience:

- At least 15 years of experience with demonstrable experience in grants management, project management or a similar context.
- Experience managing various stakeholders including Ministries Departments and Agencies (MDAs), and large development finance organizations is highly desirable.
- Demonstrated experience in managing development funds for key industry sectors, will be an added advantage.
- Understanding of the Micro, Small and Medium Enterprises (MSME) landscape and consumer financing
- Understanding of the mini grid and off-grid solar market in Sub Saharan Africa including rural/off-grid home appliance distribution businesses would be an added advantage.

Key Responsibilities:

- Provide strategic oversight and direction for the entire grant administration process, tracking, reporting including development and updating of templates and documentation.
- Coordinate with the Project Management Unit (PMU) and other stakeholders to ensure alignment of grant activities with project goals.
- Provide recommendations on contracting, outsourcing, and governance structures to the PMU.
- Monitor performance of the program, manage non-compliance protocols, and provide regular reporting to stakeholders.
- Ensure proper disbursement of funds and compliance with policies related to delinquency, non-compliance, and non-performance.
- Facilitate feedback and continuous improvement by analyzing outcomes and trends and providing strategic insights to the PMU.

- Advise on strategies for stakeholder engagement to reflect the local market dynamics, cultural norms, and communication styles.

Senior Financial Analyst

Qualifications:

- Advanced University or professional qualification degree in finance, economics, business administration, or related field; Masters, professional certification (e.g., ACA, ACCA, CFA, CPA) is preferred.

Desired Experience:

- A minimum of 7 years of relevant experience working in a financial role, including project management and experience related to:
 - I. origination, due diligence, structuring and monitoring of corporate and/or consumer finance grant funds.
 - II. financial accounting, with the ability to review and analyze accounting transactions.
 - III. reviewing budgets, budget variance analyses,
 - IV. financial management systems, with the ability to review and assess internal controls and financial processes and procedures and provide recommendations for improvement.
 - V. review of financial statements (including income and expenditure statements, balance sheets and cash reconciliation statements); and
 - VI. review and interpretation of financial reports.
- Understanding of the mini grid and off-grid solar market in Sub Saharan Africa will be an understanding advantage.
- Understanding of MSME and consumer financing landscape is required.

Key Responsibilities:

- Assist in defining disbursement milestones, schedules, and data reporting requirements.
- Provide financial analysis, insights, and forecasts for the DARES and communicate trends to the PMU.
- Ensure proper financial management and reporting, including compliance with all financial policies.
- Support the grant administration team with data-driven financial decision-making.
- Monitor compliance of grantees with requirements of the program and initiate non-compliance, non-performance protocols accordingly
- Review reporting templates and ensure they are fit for purpose and in line with best practices.

Renewables Expert

Qualifications:

- Advanced University or professional qualification in business administration, project management or related field

Desired Experience:

- Minimum of 5 years' experience in the implementation of renewable energy projects, including originating, designing and monitoring mini grid and off grid solar projects.
- Experience in managing energy solutions across multiple value chains, including Agribusiness and MSME's. Project management certifications will be an added advantage.
- Experience in managing in complex programs and or including donor funded projects would be an added advantage.
- Experience managing various stakeholders including Ministries Departments and Agencies (MDAs), and large development finance organizations is highly desirable.
- Understanding of Sustainability, Environment and Social Governance (ESG)

Key Responsibilities:

- Support the development of pricing benchmarks for commercial bids.
- Provide technical expertise as pertains grid integration, system optimization and overall performance of solar systems.
- Provide inputs to the periodic reports as pertains to grant performance and progress of the DARES.
- Support the coordination of the entire grant administration process.
- Support the development of eligibility criteria and evaluation of grantees.

Junior Financial Analyst

Qualifications:

- A bachelor's degree in finance, accounting, economics, or a related field.

Desired Experience:

- A minimum of 3 years of relevant experience working in a financial role. at least 2 years related to:
 - I. financial accounting, with the ability to review and analyze accounting transactions.
 - II. reviewing and negotiating budgets.
 - III. financial management systems, with the ability to review and assess internal controls and financial processes and procedures and provide recommendations for improvement.
 - IV. review of financial statements (including income and expenditure statements, balance sheets and cash reconciliation statements); and
 - V. review and interpretation of financial reports.

Key Responsibilities:

- Assist in defining disbursement milestones, schedules, and data reporting requirements.
- Provide financial analysis, insights, and forecasts for the DARES and communicate trends to the PMU.
- Ensure proper financial management and reporting, including compliance with all financial policies.
- Develop relevant templates for project tracking and reporting
- Support the grant administration team with data-driven financial decision-making.

Legal and Compliance Expert

Qualifications:

- A law degree (LLB)
- Admission to the Nigerian Bar
- Certifications in arbitration, mediation, or contract law is desirable.

Desired Experience:

- A minimum of 5 years of relevant experience in legal advisory roles, particularly in public sector or donor-funded projects in Nigeria.
- Understanding of public sector procurement laws, environmental, and dispute resolution mechanisms.
- Understanding of Nigerian public law, contract law, corporate law environmental and social governance (ESG) standards, and regulatory compliance.

Key Responsibilities:

- Review contract or agreement templates, policies, and other legal documentation to ensure compliance with local and international laws.
- Advise on governance frameworks, conflict of interest management, and dispute resolution processes.
- Ensure compliance with environmental, social, and financial regulations and standards.

9.0 REPORTING REQUIREMENTS AND TIME SCHEDULE FOR DELIVERABLES

The PMU will review and approve the PIM, any changes to operating procedures, as well as quarterly reports. The GA will initially be contracted for a 24-month period, which may be extended upon satisfactory performance of the firm or terminated due to unsatisfactory performance.

In case of demonstrable non-performance vis-à-vis contractual undertakings, the PMU, after three concurrent warnings within a six-month period, reserves the right to terminate the contract of the Grant Administrator.

The Grant Administrator will have the following contractual deliverables:

- Monthly report on progress and performance of the project components
- Quarterly reports; and

- Annual Reports

DESCRIPTION	PAYMENT SCHEDULE
First month after contract signing: <ul style="list-style-type: none"> • Submission of relevant reporting templates and KPIs 	Quarterly payment based on annualized payment of contract sum (i.e. 12.5% of contract sum)
Quarterly (from 2nd to 24th month) <ul style="list-style-type: none"> • Updates on Component 1 and 2 • Review of the delivery schedule • Draft quarterly reports for each fund - Months 3, 6, 9 and 12 • Annual Report- Month 12 • Regular and ad hoc communication with PMU REA 	Quarterly Payments of ten (10) percent of contract sum shall be made upon submission and approval of the deliverables that are due. The balance of 17.5% of the contract sum shall be paid at the end of the last quarter

10. SELECTION METHOD

Consultant will be selected in accordance with the Quality and Cost Based Selection (QCBS) Method set out in the Procurement Regulations for IPF Borrowers dated September 2023, Fifth Edition, available on www.worldbank.org/procurement.