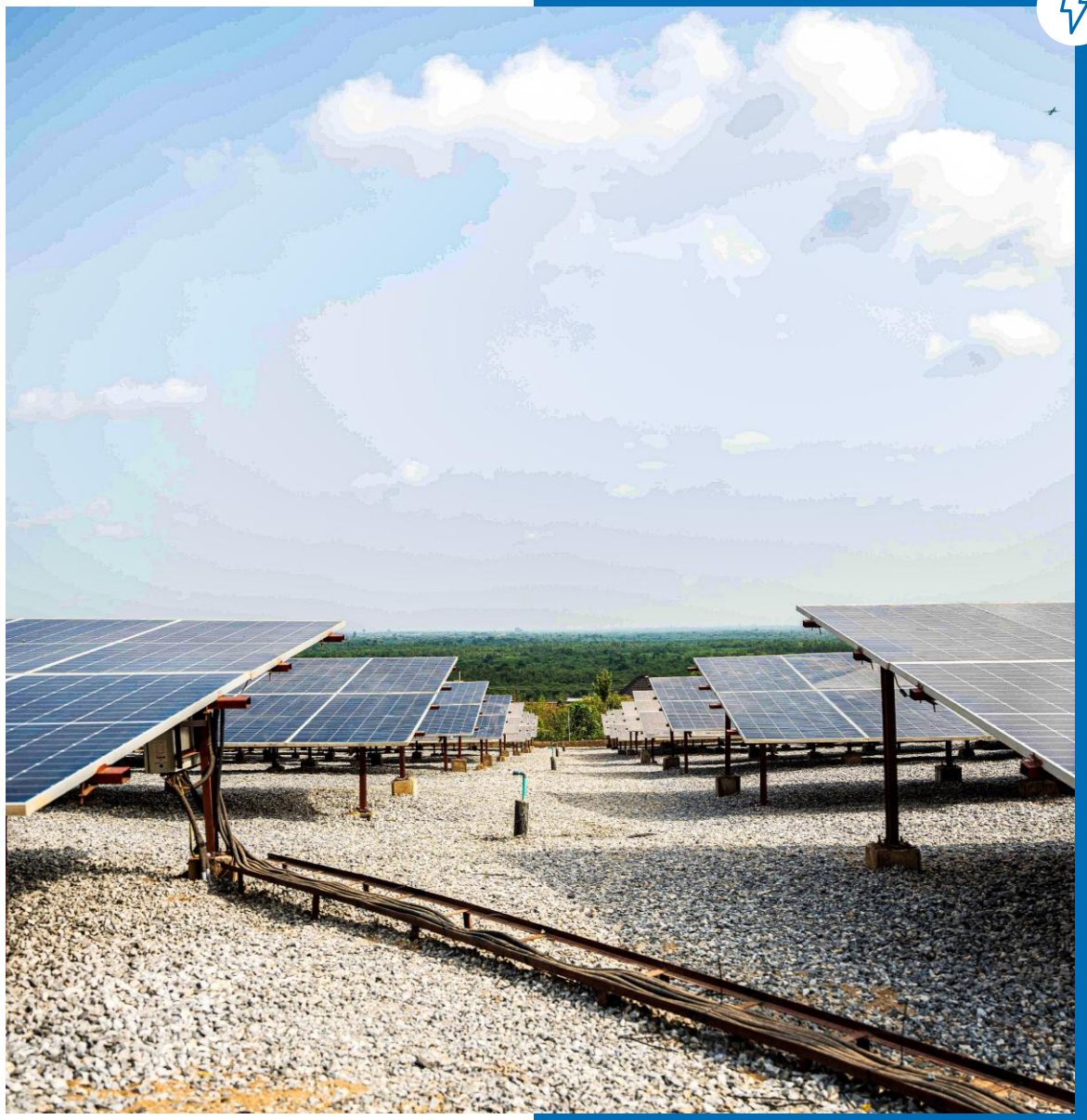
Re-designing Results-Based Financing to Increase Longevity of Access and Crowd in Capital

Lessons from Nigeria Electrification Project (NEP) and the DARES Programme

May, 2026



ESMAP Energy Sector Management Assistance Program

ELECTRIFYING AFRICA

MISSION 300 #PoweringAfrica

WORLD BANK GROUP

THE MISSION 300 CHALLENGE

How do we rapidly scale electricity access in last-mile communities while ensuring systems remain financially sustainable over the long term?

600M+

Africans without electricity access

Last Mile

Communities remain commercially difficult

Affordability

Constraints limit market expansion

Grant Limits

Traditional models alone are insufficient

Capital Gap

Private capital limited without de-risking

RESULT BASED FINANCING

Results-Based Financing (RBF) disburses funds only when pre-defined, measurable outcomes are achieved.

In the DARES project, developers receive grants only after hitting specific targets, such as building a mini-grid or connecting households to power. This ensures funding translates into real electricity access.

Performance Based Grants (PBG)

- Under the PBG model, developers receive grant money after they have:
- Built the mini grid
- Connected users (households or MSMEs)
- Passed inspections and verification
- The grant amount is tied to the number of connections made or installed capacity. If you don’t deliver, you do not get paid.

Minimum Subsidy Tender (MST)

- MST is also results-based, but it's a bit different:
- Developers compete by bidding for the lowest amount of subsidy they need to build a project.
- The one who offers the best value wins the tender.
- Even after winning, they still have to meet performance milestones to unlock their grant.
- So, while MST starts with a competitive bid, the money still flows only after results are verified.

WHY RESULTS-BASED FINANCING MATTERS

TRADITIONAL CHALLENGES

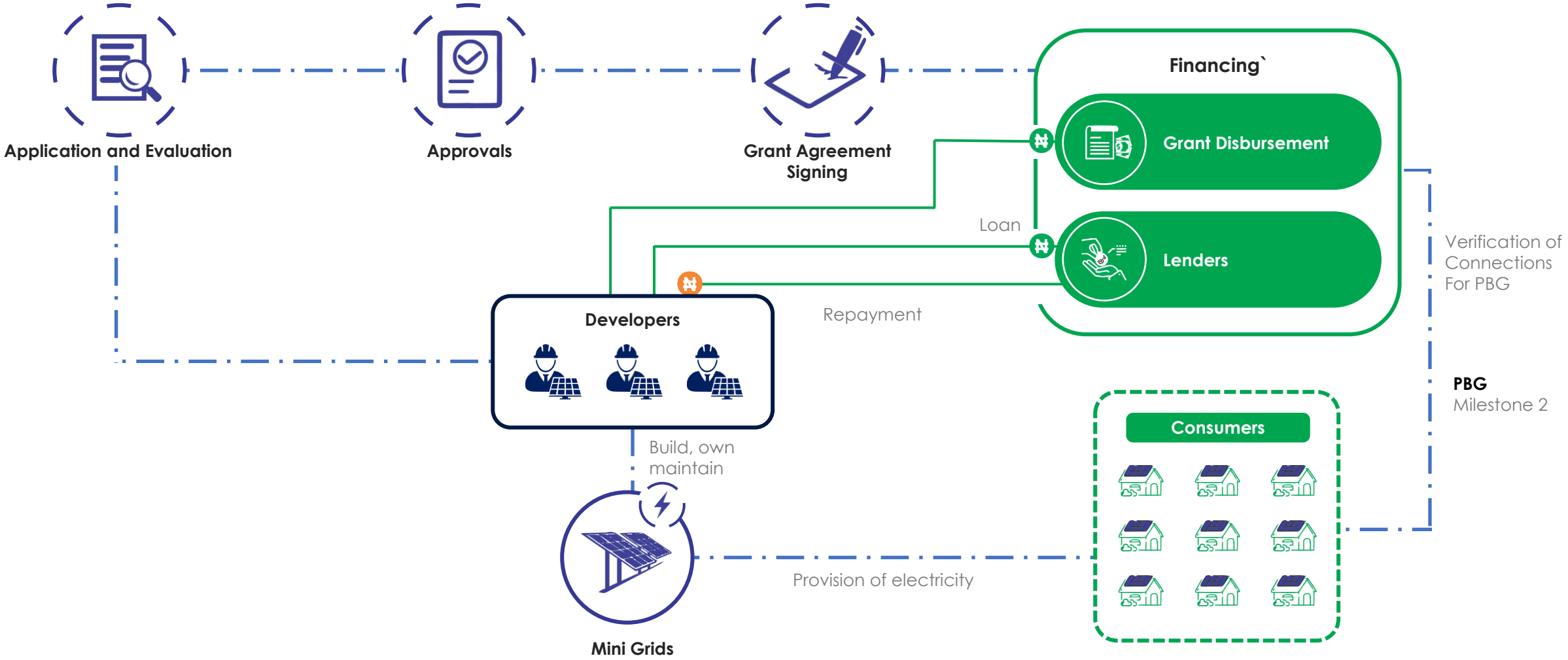
- Upfront capital barriers prevent deployment at scale
- High perceived investment risk deters private capital
- Weak revenue predictability undermines operator confidence
- Low consumer affordability constrains market growth
- Limited lender confidence in last-mile business models

WHAT RBF CHANGES

- Links subsidies to verified outputs and performance
- Reduces deployment risk and improves accountability
- Encourages measurable performance standards
- Creates investor confidence through transparency
- Improves efficiency and reduces fiscal exposure

ISOLATED MINI GRIDS

Lifecycle for Funding, Deployment & Revenue Generation



NEP Impact (WB)	DARES Projected Impact
7 million+ Nigerian lives impacted with clean energy	**17.5 million+** Nigerian lives impacted with clean energy
1,100,000+ Households provided with new or improved electricity services	**3,244,900** Households provided with new or improved electricity services
470,000+ Female-headed households provided with new electricity services	**486,735** Female-headed households provided with new electricity services
11,400 MSMEs provided with new and improved electricity services	**236,986** MSMEs provided with new and improved electricity services
3,600+ Female-led MSMEs have new and improved electricity services	**71,096** Female-led MSMEs will have new and improved electricity services
97.7MW PV Capacity deployed or installed	**465MW** PV Capacity to deployed/installed

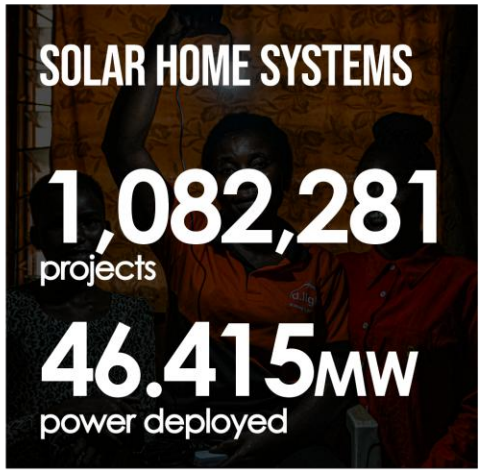
NEP-World Bank Successes

MINI GRIDS

180
projects

19MW
power deployed

SOLAR HOME SYSTEMS



1,082,281
projects

46.415MW
power deployed

PRODUCTIVE USE OF ENERGY

07
universities

32MW
power deployed

ENERGIZING EDUCATION PROGRAMME PHASE III

100
healthcare facilities

5MW
power deployed

DARES Achievements

NIGERIA DARES

NEP LEGACY MINI GRIDS

163
projects

17.485MW
power deployed

SOLAR HOME SYSTEMS

899,991
equipment deployed

24.92MW
power deployed

INTERCONNECTED MINI GRIDS (PIPLEINE)

40
projects

188.4MW
total programme scale

NIGERIA'S EXPERIENCE: NEP AS A MARKET CATALYST

STRONG GOVERNANCE & REGULATORY FRAMEWORK

- Independent Project Management Unit (PMU)
- Fiduciary and procurement oversight
- Regular audits (e.g., NEP external audit underway).
- Operationalisation of feasible mini-grid regulation
- National Electrification Strategy

TRANSPARENT RBF MODEL

- Open application portals (Odyssey)
- Clear disbursement conditions
- Field and remote verification

SCALABLE, TECH-NEUTRAL SOLUTIONS

- Mini-grids, SHS, productive use (PUE), public institutions
- Flexible to serve both rural and peri-urban geographies

EMBEDDED M&E FRAMEWORK

- Outcome-based tracking
- Dashboard integration: Odyssey + CRM + FIDA
- Collaboration with SE4ALL on impact methodologies

CATALYTIC PRIVATE INVESTMENT

- NEP has de-risked over $150M in private capital
- Ongoing innovation in reverse auctions and productive use pilots

POLICY AND REGULATORY ALIGNMENT

RBF cannot operate in isolation — strong policy and institutional frameworks are essential for long-term success.

NIGERIA'S ENABLING REFORMS

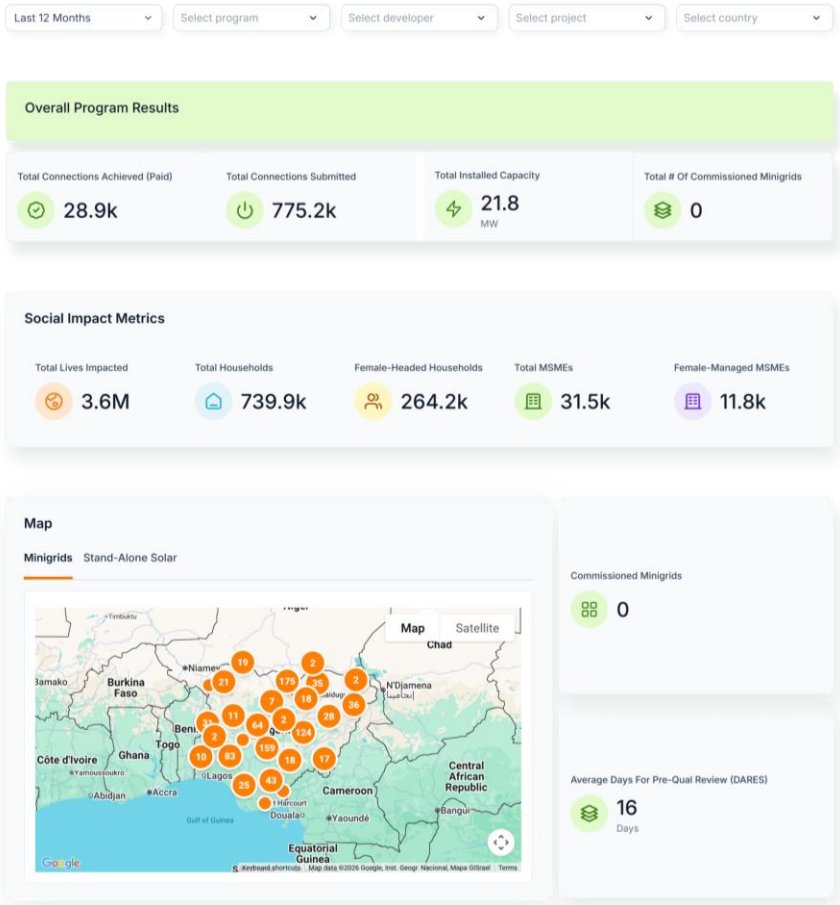
- Nigeria Electricity Act reforms and market liberalisation
- Decentralised electricity markets enabling subnational action
- Mini Grid Regulations providing a clear investment framework
- National Electrification Strategy and Implementation Plan (NESIP)
- Strengthened inter-agency and institutional coordination
- Digital programme management platforms supporting accountability

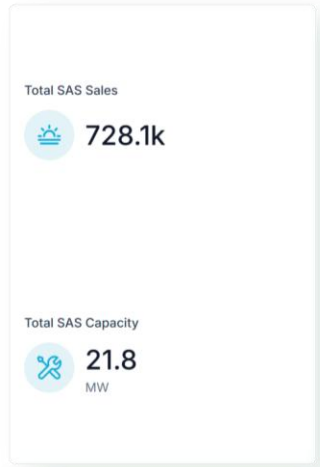
RBF WORKS BEST WHEN EMBEDDED WITHIN

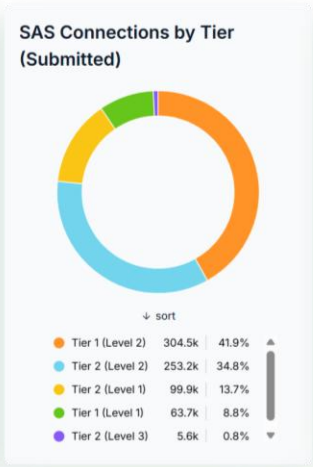
- Clear national electrification strategies with measurable targets
- Stable and predictable regulatory environments
- Strong implementation institutions with sufficient capacity
- Subnational participation through decentralised delivery
- Alignment with climate and development financing frameworks

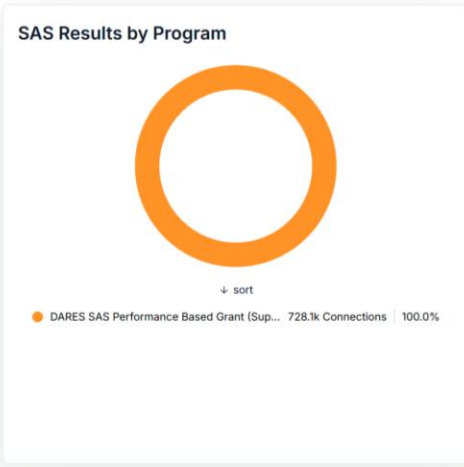
NEP IT IMPLEMENTATION FLOW CHART

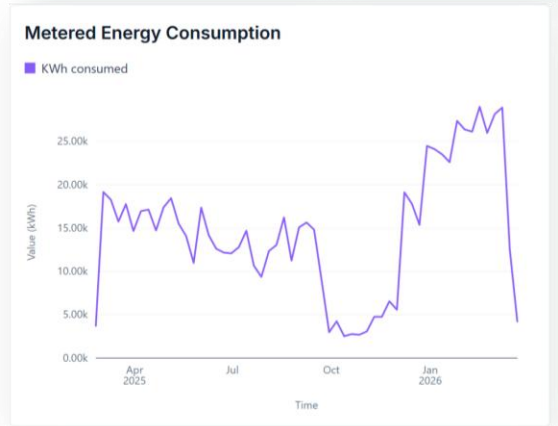
REA MANAGEMENT PLATFORM

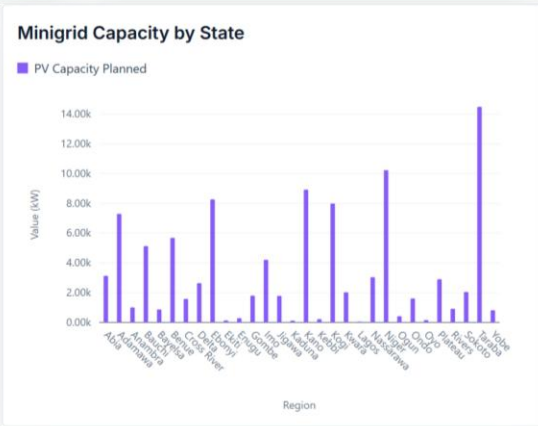




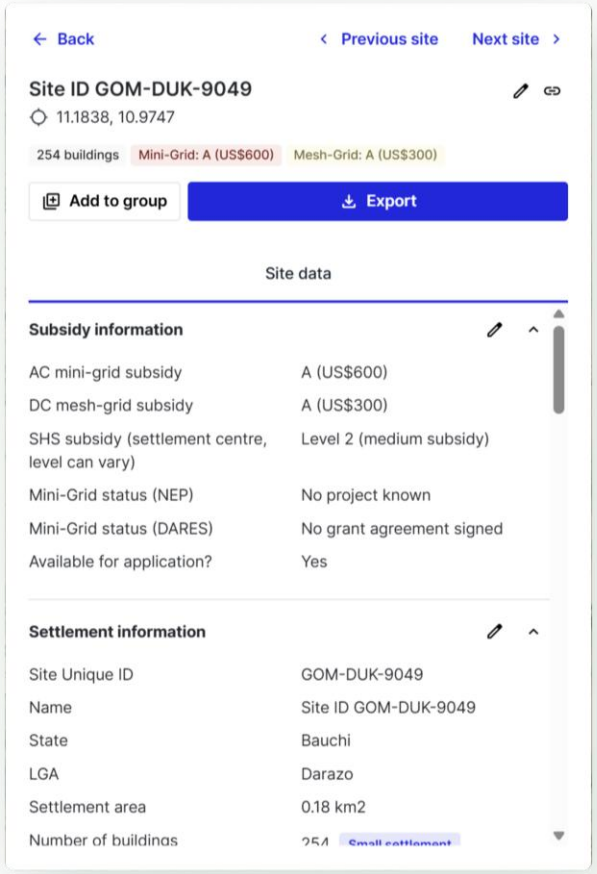








REA GEO-SPATIAL PLATFORM



REDESIGNING RBF FOR LONG-TERM SUSTAINABILITY

Future RBF frameworks must reward sustained performance, not just initial deployment.

TRADITIONAL RBF FOCUS

- Number of new connections made
- Installed generation capacity
- Initial system commissioning

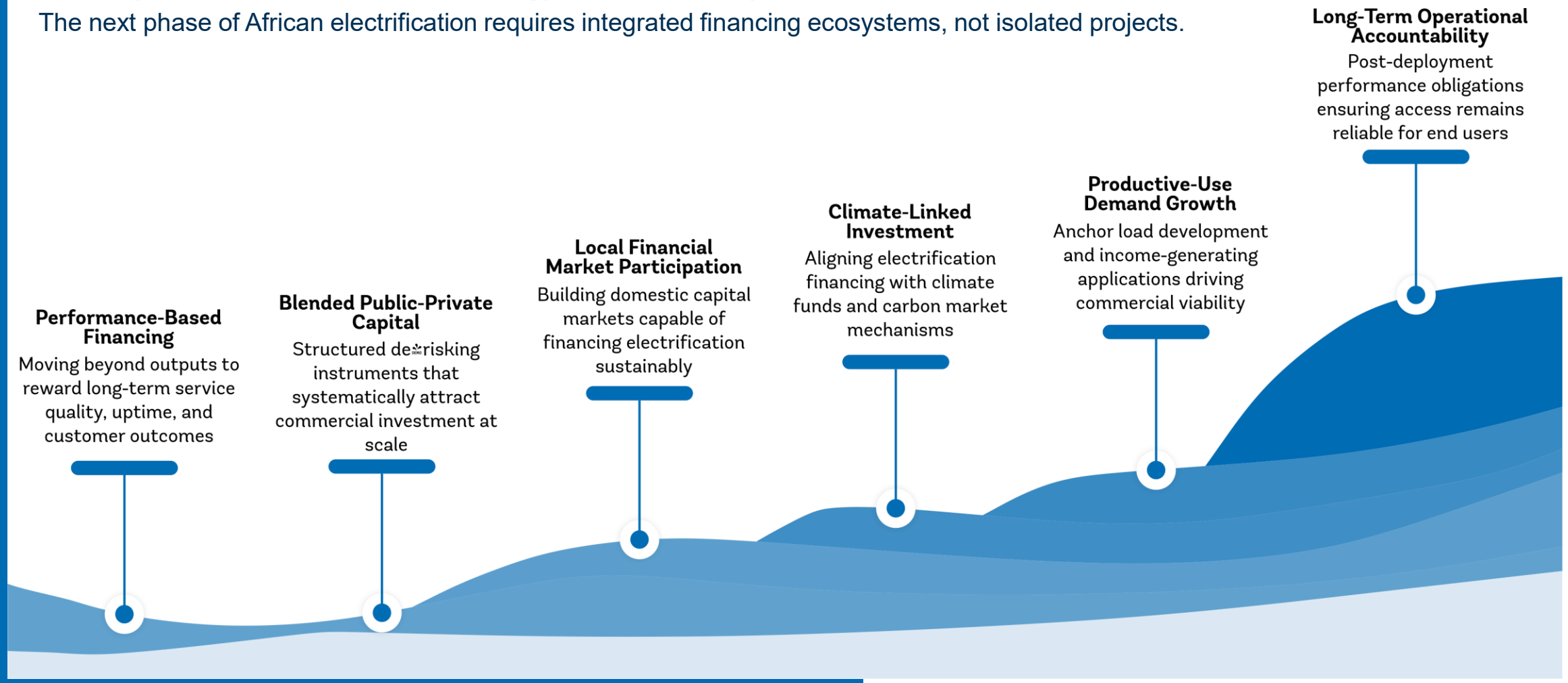
NEXT-GEN SUSTAINABILITY METRICS

- System reliability and uptime performance
- Customer retention and satisfaction
- Revenue collection performance
- Productive use growth
- Quality-of-service indicators
- Long-term asset maintenance

THE FUTURE OF ELECTRIFICATION FINANCING

Moving Toward Sustainable Energy Access Ecosystems

The next phase of African electrification requires integrated financing ecosystems, not isolated projects.



KEY LESSONS FOR MISSION 300

Evolve RBF Design

RBF must shift from connection-focused financing toward sustainability-focused financing. Long-term operational performance is now as critical as initial deployment metrics.

Build Investor Confidence

Private capital participation depends on confidence, predictability, and transparency. Investors require strong governance, credible verification, and stable policy frameworks.

Solve Affordability Holistically

Affordability gaps cannot be solved by subsidies alone. Sustainable access requires integrated approaches combining productive use, economic development, and blended finance.

Invest in Digital Infrastructure

Digital systems and data transparency are becoming central to programme credibility. Smart metering, remote verification, and dashboards accelerate trust and scale.

Coordinate Policy & Institutions

Strong policy and institutional coordination accelerate scalability. Supportive regulation, clear strategies, and empowered institutions are foundational enablers.

Thank you

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