

Liberia

Enabling Energy Access through Demand-Side Subsidies (DSS)



Country	Liberia
Technologies	Solar home systems (SHS)
Target group	Hard-to-reach, socio-economically vulnerable beneficiaries
Project period	08/2022 - 09/2025
Budget	EUR 3.800.000
Co-financed by	Directorate-General for International Cooperation (DGIS) of the Netherlands Ministry of Foreign Affairs
Implemented by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)
Coordinated by	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Netherlands Enterprise Agency (RVO)
Fund Manager	BRAC Liberia
Partners	Liberia Rural and Renewable Energy Agency (RREA), Government of Liberia, World Bank
Projected results	Energy access for up to 37.000 people in Liberia

Global Overview: EnDev’s Demand-Side Subsidies (DSS) Component

Energy access is central to both achieving the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. While significant progress has been made towards fulfilling SDG 7, millions remain unable to afford even the most basic energy products. Demand-side subsidies (DSS) seek to complement other market development interventions to address this affordability gap and ensure that **no one is left behind**.

DSS reduce the price of energy products for intended end-users without eliminating the price completely, thereby improving affordability whilst ensuring ownership. DSS mechanisms, when well-designed, complement and bolster other interventions, such as supply-side support. However, knowledge on and experience with DSS for off-grid energy access is limited to date.

EnDev is currently implementing a component focusing on piloting innovative DSS mechanisms to facilitate access to modern energy services for low-income and/or displaced populations who are not currently reached by commercial markets. The component operates in four countries in sub-Saharan Africa: Liberia, Malawi, Niger, and Uganda. The overarching aim is to contribute to global learning and knowledge-sharing on new DSS designs as well as provide recommendations for future replication at scale.

DSS in Liberia

Liberia is one of the poorest countries in the world, with more than 52% of its 5.2 million inhabitants living in poverty. Electrification rates are low, with only 7% of the population connected to the national grid and another 21% connected by off-grid solutions such as mini-grids or off-grid solar (OGS) products. Rural and remote areas are disproportionately affected by energy poverty, primarily due to infrastructure, supply-chain, and affordability constraints.

The Government of Liberia (GoL) has made energy access a priority and has placed a strong emphasis on off-grid electrification to reach universal energy access targets. The Rural and Renewable Energy Agency (RREA), an independent agency of the GoL tasked with accelerating the economic transformation of rural Liberia, aims to provide access to more than 250,000 OGS products by 2030. However, OGS products remain unaffordable and inaccessible for a significant share of the population, especially the poorest and most vulnerable.

In order to address these challenges, EnDev and the RREA – with funding from the World Bank’s Liberia Electricity Sector Strengthening and Assets Project (LESSAP) – are implementing a joint results-based financing (RBF) approach to support access to quality-certified solar home systems (SHS) across Liberia.

The DSS element of the joint RBF aims to bridge the affordability gap for the poorest and hardest-to-reach by targeting counties with high multi-dimensional poverty. The pilot is initially implemented in two counties – Gbarpolu and Grand Cape Mount – with possibility for expansion. All residents within the selected districts are eligible to purchase one subsidised product. Compensation to companies follows an RBF approach, with payments delivered upon verification of eligible sales and other milestones. EnDev has hired BRAC Liberia to act as the fund manager for the DSS element.

Supply-side subsidies provided by the RREA complement DSS by fostering market expansion to hard-to-reach counties. This joint implementation approach therefore helps overcome the affordability gap, accelerate electricity access for low-income households, and support the sustainable development of the OGS market in Liberia in the long term.

Projected Impact



Through its demand-side subsidy schemes, EnDev Liberia will:

1. directly enable up to 37.000 people to have access to modern energy services,
2. indirectly contribute to providing energy access for millions more through scale-up and replication.

Strategic Partnerships for Learning and Scale

EnDev collaborates closely with the GoL and the World Bank to coordinate design of the joint RBF, align activities, and share insights between EnDev’s pilot and the LESSAP project. By working in partnership, EnDev aims to demonstrate a model for implementing a joint RBF approach, as well as share lessons learned and facilitate eventual scale up of DSS across Liberia under the RREA and LESSAP project. Furthermore, EnDev aims to capitalise on synergies and share technical insights with sector stakeholders and networks, such as the Beyond the Grid Fund for Africa (BGFA) and the Liberia Off-Grid Task Force (OGTF).

Lessons learned on implementing DSS schemes targeting the poorest and most vulnerable are shared with the wider international community through [the End-User Subsidy Lab](#).

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