Terms of Reference (ToR) for the selection of the Manager for the Off-Grid Energy Finance Facility

Maputo, August 2022

1. Background

Expanding access to electricity services for all Mozambicans by 2030 is at the center of the government's social and economic development agenda. Between 2010 and 2016, among the 20 countries in the world with largest energy access deficit, Mozambique increased its electricity access at a rate faster than the global average.[1] Access to grid electricity has expanded by a factor of three in the past 10 years through grid extension and densification, and the off-grid energy market is starting to emerge. The utility, Electricity of Mozambique (*Electricidade de Moçambique*, EDM), has increased access to electricity services from 8 percent in 2006 to 43 percent in 2022. Although there is no nationally interconnected grid system, EDM reaches all administrative centers across the country and also serves some isolated areas. Currently, EDM serves around 2.5 million customers. In the off-grid space, new players that have entered the market in recent years have started providing high-quality certified solar products with more flexible payment schemes, such as the pay-as-you-go (PAYGO) model. PAYGO providers in Mozambique are currently serving about 120,000 customers.

Nevertheless, only about one-third of Mozambicans have access to electricity, which is below the average for Sub-Saharan Africa (47 percent).[2] There are also disparities in the provision of electricity services between urban and rural areas (72 percent of the urban population has access compared to only 5 percent of the rural population). To address this gap, EDM and the Energy Fund (*Fundo de Energia*, FUNAE, FP) have been investing in rural electrification (despite limited available resources). While FUNAE, FP has been able to reach 260 rural villages (and 743 schools, 661 health centers and 74 administrative buildings), an overwhelming majority of rural populations still use alternative modes of lighting, such as kerosene and candles.

Progress on access to clean cooking solutions has also been slow, with a large share of the population dependent on biomass. In 2019, only 4 percent of the Mozambican population had access to clean cooking solutions, as wood fuels and charcoal are widely used. Lack of access to clean cooking has wide-ranging negative impacts, including on public health (due to indoor air pollution), gender equality (women and children bear the burden of firewood collection), climate change and the environment (contributing to deforestation and forest degradation). Biomass coming from approximately 30.6 million hectares of forest lands for wood fuel and charcoal represents about 80 percent of the total energy consumed by households in Mozambique. Rates of deforestation and forest degradation are accelerating; the average annual deforestation rate increased from 220,000 ha/year between 1991-2002 to 267,029 ha/year between 2003-2013.[3] The provinces of Manica, Zambézia, Cabo Delgado and Niassa are the most environmentally sensitive areas. In addition to contributing to emissions, deforestation has also left Mozambique vulnerable to extreme weather and the impacts of climate change (this was evident in the flooding and landslides following the two cyclones that hit the country in 2019, which caused unprecedented destruction and led to a humanitarian crisis). In urban and peri-urban areas of Maputo, Matola, Beira and Nampula, there is an increasing tendency to "stacking". Households adopting modern cooking technologies maintain the use of multiple cooking and fuel options often using some combination of charcoal, liquefied petroleum gas (LPG) or electricity for cooking. Affordability, availability of alternative options and consistent supply remain the main challenges for access to clean cooking technologies

The Government of Mozambique (GoM) recently launched the *"Programa Nacional de Energia para Todos" (Electricity for All National Program)* as an integrated national plan to provide universal electricity access to all Mozambicans by 2030. With support from the World Bank and other development partners, the GoM sponsored consultations and workshops to discuss the principles of a National Electrification Strategy (NES) to achieve universal access by 2030. The

[1] World Bank, Tracking SDG7 (https://trackingsdg7.esmap.org/data/files/download-documents/chapter_2_electrification.pdf)
[2] World Bank, Tracking SDG7 (https://trackingsdg7.esmap.org/data/files/download-documents/chapter_2_electrification.pdf)
[3] Republic of Mozambique, Ministry of Land, Environment and Rural Development: Mozambique's Forest Reference Emission Level for Reducing Emissions from Deforestation in Natural Forests: https://redd.unfccc.int/files/moz_frel_report_final.v03_03102018.pdf

NES proposes that EDM leads implementation of on-grid projects following project prioritization criteria and electrification schemes, while FUNAE, FP focuses on the implementation of off-grid solutions.

The NES advocates for a complementary approach encompassing both on-grid and off-grid solutions to electrify a predominantly low-income and widely dispersed rural population. Considering the ambitions and challenges in achieving universal access in Mozambique, the adoption of multiple modalities for electrification is necessary, including grid densification in electrified areas to reach all existing households, businesses and public facilities, and the expansion of the national grid to all areas where this is economically feasible. Unfortunately, this approach will not contribute in a significant way financially to reaching remote and unserved areas of the country, where high development costs are combined with low affordability of the population. In parallel, off-grid electricity services through mini-grids and standalone solar home systems (SHS) can be provided both as pre-electrification and long-term access solutions.

A GIS analysis carried out as part of development of the Mozambique Off-Grid Electrification Roadmap in 2021 (funded by the World Bank) estimates that by 2030, around 6.9 million households (68 percent) will be electrified by the national grid, about 2 million households (19 percent) will be electrified by SHS, and the remaining balance, about 1.3 million households (13 percent), will be electrified by mini-grids. The grid access rate declines according to the level of urbanity, with 95 percent of households located in urban areas connected to the grid compared to 13 percent of households in deep rural areas, where SHS will be the main source of electrification in 2030.

The market for solar home systems in Mozambique, based on households that do not have access to electricity from the main grid, is estimated to be approximately 4.2 million households by 2024.[4] Just over 1.68 million households can afford these systems without any subsidy, while the majority would require financing or subsidies to purchase a SHS. In addition to these affordability constraints/consumer financing needs, PAYGO companies also have limited access to working capital, among other financial and logistical challenges to scale-up their operations.

Private solar companies are already operating in Mozambique and are interested in expanding their operations in a country with favorable regulations for market-based off-grid electrification. The PAYGO business model, which has been effective in rapidly increasing off-grid electrification rates in other countries such as Kenya, Uganda, and Tanzania, is being scaled rapidly in Mozambique. The PAYGO model also creates an opportunity for mobile money providers to expand services around payments for solar electricity. The Mozambican regulatory environment leverages private sector resources by allowing international companies to operate and invest in developing the country's off-grid market through a vertically integrated approach (from importation to after-sales servicing, including financing). This integrated approach to serving consumers has emerged as a key driver for sustainable off-grid electrification.

However, the off-grid sector has to overcome several fundamental challenges. On the supply side, while all companies commercializing PAYGO systems are formally registered and sell certified technologies, in the absence of a clear regulatory framework allowing only certified systems to be supplied, there are distributors of low quality solar products operating informally without registering their business or paying taxes to the government. Consequently, some of the solar products offered in the market are not certified by international standards, such as Lighting Global/IEC, and therefore there are sub-standard products available on the market affecting the consumers' experience and access opportunities. Despite the great efforts made by solar companies to move away from urban areas, these efforts are limited by the geographical dimension of the country, the low population density and, mainly, the low mobile network connectivity, a critical enabler of the PAYGO industry, which translates in a still low penetration in remote areas where off-grid solutions are most needed. On the demand side, given the low purchasing power of the population, affordability is a significant market barrier – even for pico-solar lighting products. Optimizing existing grid-based capital assets, piloting a new business model for

[4] Source: USAID SAEP Mozambique Consumer Affordability survey 2019

mini-grids, and launching a finance facility for the off-grid solar sector are essential tools that can enable both public and private sector stakeholders to work together in order to overcome market barriers and expand electricity access.

The nascent clean cooking market faces barriers similar to the off-grid solar market, and there is a need to develop a cohesive approach to expand access to clean cooking solutions. Companies operating in the cookstove sector market are primarily present in the southern region of the country, in and around Maputo Province, due to the high cost of charcoal in this region, this is the primary market for improved cookstoves. Some international companies involved in industrial cookstove production started their activities in Mozambique with the support of donor programs and are now operating in the market through RBF's donor-funded programs introducing new and innovative technologies. Affordability is a key barrier, with households spending about USD 14 per month on fuel (equivalent to 10–20 percent of their monthly income) to meet their cooking energy needs. The use of LPG is limited mainly due to the high initial investment needed to gain access to LPG for cooking. In addition, there are constraints in the supply chain as service does not extend beyond urban areas. Households tend to stack fuels and stoves, sometimes combining clean fuel-stove options with traditional fuel sources. Moreover, a low level of awareness of the benefits of clean cooking combined with a reduced purchasing power further slows down the adoption of improved cooking solutions.

Both the off-grid solar and clean cooking sectors in Mozambique have the potential to reduce gender gaps and improve economic participation and opportunities for women. While gender equality is gradually improving in Mozambique, women remain marginalized, with higher levels of poverty and fewer opportunities for education and employment, especially in rural areas. A large majority of women in rural areas work in agriculture and are less likely to be employed in the formal economy, as cultural norms often leave women responsible for domestic work and childcare.

Creating a platform for private sector participation in energy service delivery will accelerate the provision of energy access to the population. A key feature of the NES to scale up the deployment of off-grid solutions is to encourage private sector participation to support development of the off-grid market, particularly as retailers of SHS and stand-alone systems. Expanding access to finance for both the supply-side and demand-side of the market, together with incentives to promote access in non-commercially viable areas, are key to accelerating rural electrification in line with the GoM's goal to achieve universal access by 2030. This entails the creation of a finance facility to support the expansion of the off-grid energy market into remote, underserved and vulnerable provinces where the poverty incidence is high and the population density is low.

To support implementation of the NES and the *"Programa Nacional de Energia para Todos" [Electricity for All National Program]*, the World Bank has provided financing to the GoM through the *ProEnergia* project, effective since 2019, and the *ProEnergia+* project, approved by the Board of Executive Directors in December 2021, and effective since March 2022. These two projects have dedicated off-grid electrification components implemented by FUNAE, FP focused on expanding the availability and affordability of off-grid solar solutions with a particular emphasis on deep rural and underserved areas and prioritizing the northern provinces:

- The ProEnergia project supports the expansion of electricity access to rural and deep-rural areas by promoting the use of off-grid energy solutions in those areas where the grid extension is considered economically unfeasible. Through a results-based financing (RBF) scheme, ProEnergia supports the expansion of the off-grid energy market in Mozambique with a focus on selected provinces in the northern region, where the poverty incidence is high. It is expected to reach around 18,000 households.
- The ProEnergia+ project scales-up the financing for off-grid solutions in terms of size and type of incentives to strengthen the capacity of small and early-stage firms and attract new market entrants. ProEnergia+ will provide a combination of prefinanced milestone-based financing (*ex-ante* grants) and RBF (*ex-post grants*), complemented with technical assistance and business development services to expand access to off-grid and clean cooking

solutions for households, smallholder farmers, small businesses and displaced population in rural and deep rural communities.

FUNAE, FP is looking to hire a firm or a consortium to manage the **Off-Grid Energy Finance Facility ("the Facility")** under the *ProEnergia+* projects to support the expansion of the off-grid solar and clean cooking markets nationwide with a focus on remote, underserved and vulnerable provinces where poverty incidence is high and population density is low. The Facility will receive an allocation of **USD 26 million**[5] from the *ProEnergia+* projects to provide financing to the sector over a period of 3 years, with 1 year extension contingent upon successful performance and funding availability.

2. Objective

The overall objective of this assignment is to support the Government of Mozambique (GoM) and the Mozambican Energy Fund (FUNAE, FP) in the management and day-to-day operation of an Off-Grid Energy Finance Facility ("**the Facility**"), which will provide pre-financed and results-based grants, as well as technical assistance (TA) to the off-grid solar and clean cooking private sector. FUNAE, FP seeks to contract a firm or consortium to serve as the Facility Manager ("**the Manager**") to support the unit implementing the project to manage the operationalization, launch and day-to-day administration of the Facility. The Manager will provide general support in the implementation of measures aimed at strengthening market-based delivery of modern energy services nationwide through the promotion of certified off-grid solar systems and clean cookstoves/alternative fuels. Productive use equipment may also be considered down the line, pending a specific market assessment, available budget, and market appetite (the standalone market assessment for productive use applications is not part of this TOR).

The Manager will lead preparation of the final operational design, guidelines and launch of the Facility. The Manager will also facilitate the application process, including screening applicants against eligibility criteria, coordinating with other grant providers, requesting and reviewing reports of grantees, assisting with the contracting of grantees, preparing disbursement forecasts for FUNAE, FP's review and approval, disbursing funds to awarded firms upon verification, and generally administering the grants and monitoring performance. The Manager will report to the ProEnergia and ProEnergia+ projects implementing unit at FUNAE, FP. The performance under the Facility will be measured by a series of Key Performance Indicators (KPIs) to be defined, including (but not limited to) the number of connections and clean cookstoves delivered in designated areas verified through an Independent Verification Agent (IVA) for RBF participants, and through agreed-upon milestones for recipients of up-front grants. Indicative KPIs are included in this TOR and will be finalized during contract negotiations.[6] The Facility will include clean cooking solutions as well as solar products and will target urban and peri-urban users (for clean cooking), rural populations, and internally displaced people (IDPs) (for solar products). Productive use equipment may also be considered down the line. End-user subsidies may be deemed necessary and impactful during implementation, and the design of the Facility may be adjusted accordingly.

In addition to supporting FUNAE, FP with implementation of the Facility, the Manager will also provide key market insights to inform the final design of the incentive levels and support preparation of the Operations Manual (OM). The Manager will use the Mozambique Off-Grid Electrification Roadmap and other available off-grid solar market studies to inform preparation of the OM. The Manager will also work closely with the consultants that will develop the National Strategy for Clean Cooking Solutions and LPG Massification Plan to obtain necessary data (market segment and size, market

[5] Distributed as follows: USD 15 million for off-grid solar systems (including USD 3 million for the ProEnergia RBF window), USD 7 million for clean cooking solutions, and USD 4 million for IDPs.

[6] Refer to Section 5: Deliverables/Schedules of Results and Reporting for an indicative list of KPIs.

barriers, market structure, key players, technology eligibility, available standards and testing protocols etc.) to finalize the design of the Facility.

To further enhance the impact of the Facility and support growth of the market, the Manager is expected to embed a strong TA program for the off-grid solar and clean cooking sectors, primarily targeting (but not necessarily limited to) businesses financed by the Facility. The TA program will seek to: (i) build a pipeline of qualified applicants; and (ii) strengthen performance by successful applicants.

The specific objectives of the Facility include:

- Support market-based, sustainable access to quality and certified off-grid systems and clean cooking solutions across the country with priority to serve remote, vulnerable and underserved rural areas;
- Attract new players into the Mozambican market to offer of a wide variety of off-grid solar and clean cooking solutions and expand the availability of these services in the country;
- Encourage growth of early-stage, local and international solar and clean cooking companies; and
- Encourage gender inclusivity, particularly for women's employment and leadership in the off-grid solar and clean cooking sectors by promoting women-owned or women-led businesses and taking measures to reduce gender gaps and improve economic participation and opportunities for women.

Fund size, co-financing and coordination with other programs and projects

The size of the Facility will be **USD 26 million** in financing[7] to sector enterprises to provide off-grid energy services to at least **88,000 households** and clean cooking solutions to at least **200,000 households** over a 3 year period, considering the priority sites to be identified by the GoM prior to operationalization. An additional **25,000 households** comprising internally displaced people (IDPs) and host communities are also expected to benefit. The Facility will allow other potential investors and partners to participate directly (through different types of financial support, such as grants, guarantee mechanisms, concessional funding, etc.) and additional investments are possible during the operation of the Facility. As the off-grid energy sector develops in Mozambique, it is likely that other programs/funds will become available to support the objectives of the Facility. The Facility Manager will work with these programs to ensure that available funds support the Facility and that implementation and incentives are coordinated to the extent possible.

The Facility Manager is also encouraged to source funding from other sources, including international and local development institutions and financiers.

3. Scope of Work

The Facility Manager ("the Manager") will implement the program in compliance with the rules outlined in the Facility Operations Manual ("OM" or "the Manual"), to be prepared in coordination with FUNAE, FP and the World Bank. It is envisioned that the Facility will be implemented in two phases:

- **Phase 1**: **Technical Design and Preparation of the Finance Facility:** This phase, which includes Activity I below, involves the technical design, preparation and launch of the Facility – including preparation of the OM and corresponding templates of agreements to be signed with beneficiaries; and
- **Phase 2**: **Implementation of the Finance Facility:** This phase, which includes Activities II, III and IV below, involves implementation of the Facility, following the guidelines established in the OM.

[7] USD 26 million is the initial amount managed by the Facility from the World Bank-funded ProEnergia and ProEnergia+ projects. The total additional financing for the Facility may subsequently increase, as it would be open to financing from other donors and programs.

PHASE 1: **TECHNICAL DESIGN AND PREPARATION OF THE FINANCE FACILITY**

ACTIVITY I. TECHNICAL DESIGN, PREPARATION, AND LAUNCH OF THE FACILITY

The Facility will support the deployment of off-grid solar products and clean cooking solutions in Mozambique, targeting urban and peri-urban users for clean cooking, and the rural population and IDPs for off-grid solar products. Productive use equipment may also be considered at a later stage. The Facility Manager will prepare a Finance Facility Operations Manual ("OM" or "the Manual"), under the guidance of FUNAE, FP and the World Bank, which will define Facility processes, procedures and responsibilities, including at least the following (as well as any additional activities deemed relevant by the Facility Manager):

Technical Design

- Design financing windows and incentive schemes for the Facility (indicating target areas, market segments, eligible technologies, eligible standards, etc.), using input and recommendations from the Mozambique Off-Grid Electrification Roadmap and RBF Facility Design report, as well as from the clean cooking solutions market assessments and investment prospectus that will be prepared (as available);
- Recommend how the Facility should be structured to identify and address private sector technical assistance needs (administrative, financial, logistical, distribution, testing, publicity campaigns, etc.) that can be provided through the Facility. Decisions made based on these recommendations will need to be reflected in the structure and design of the Facility to be presented in the OM; and
- Establish a process to determine the incentive payment for different product categories and household locations, reflective of product size and difficulty to serve households in the case of an RBF mechanism and minimum or maximum grant amounts in the case of upfront grants.
- Coordinate with other existing programs to ensure that implementation and incentives are adequately coordinated and aligned to the extent possible

Preparation of the Facility, including development of an Operations Manual establishing all administrative, operational, managerial and technical aspects and guidelines for the Facility's implementation, including (but not limited to):

- Processes for disbursement of funds, including milestones-based and results-based components and contract or agreement templates;
- Processes and criteria for conducting due diligence on bidders, including any standard metrics to be captured and evaluated;
- Processes for addressing environmental and social safeguard matters, as outlined in the project documents
- Processes for handling disputes under the project (grievance redress framework);
- Processes for sourcing applications, including nature and timing of any procurement events, stakeholder consultations, marketing activities, and other awareness-creating initiatives, as well as developing and maintaining ongoing industry and stakeholder relationships;
- Definition of the list of eligible technologies;
- Eligibility and selection criteria for applicants;
- Procurement documents, processes and templates for applications, including calls for Expressions of Interest (EOIs), Request for Proposal (RFPs), letters of invitation, application templates, evaluation criteria, scoresheets and document submission requirements/instructions for bidders (e.g., audited financials, business plans, etc.);
- Templates to be used during implementation, including agreements to be signed with beneficiaries of the financing windows and the technical assistance program, reporting and auditing templates, etc. (documents that will need to be drafted by the Manager include grant agreement template, notification letters for successful and unsuccessful applications, quarterly performance reporting template, etc.);
- List of eligible and ineligible uses of funding;

- Support with procurement of an Independent Verification Agent (IVA) that will verify results reported under the RBF in line with established verification protocols and guidelines. This support will include (but is not limited to) identifying and outlining the technical and operational requirements, and preparing documentation such as TORs, RFPs and evaluation and scoring criteria;
- Processes for managing conflicts of interest with partnering firms (if applicable) and the IVA;
- Gender-inclusive outreach strategy to ensure proper communication, publicity and awareness raising around the Facility, its services and support, to ensure successful implementation, uptake and adoption (including protocols to gather sex-disaggregated data); and
- Monitoring and reporting arrangements and any necessary templates for reporting to FUNAE, FP (e.g., pipeline and financial reports; monitoring and evaluation reports, templates for performance certificates to trigger the disbursements of incentives, interim financial report, annual report etc.).

Launch the Facility

- Based on the processes developed in the Manual and in close coordination with FUNAE, FP, the Manager will prepare the Facility's launch, initiate the first award window and open a call for proposals; and
- Set up and launch the first application window of the Facility through a call for proposals for the off-grid solar RBF. The Manager will ensure comprehensive outreach and awareness creation to enable a competitive selection process and will communicate in a public and transparent manner the timeline, predetermined selection criteria, and application requirements to off-grid solar service providers.

PHASE 2: **IMPLEMENTATION OF THE FINANCE FACILITY**

***ACTIVITY II. COORDINATION OF SUBSEQUENT FACILITY – ROLLOUT* OF FINANCING WINDOWS AND CALL FOR PROPOSALS**

Based on the processes developed in the Manual, learning from the experience with the first RBF window, and in close coordination with FUNAE, FP, the Manager will launch subsequent award windows covering other technologies, as well as types of financing or Facility objectives, as determined in the technical design, and manage all follow-on activities and windows. The objective of the roll-out phase will be to continue to solicit a sufficient number of bids for all windows to enable a competitive selection process, ideally covering a range of businesses, business models, and provinces,[8] and make awards that have the highest potential of achieving the Facility's objectives. To this end, the Manager will perform the following activities:

- Raise awareness of the Facility among standalone solar and clean cooking businesses and other stakeholders through procurement events, bilateral conversations, use of in-house marketing and communications resources, etc., ensuring an inclusive bidding process and level playing field for prospective bidders;
- Set up and launch subsequent application window(s) and review and evaluate incoming applications, ensuring to communicate in a public and transparent manner the timeline, predetermined selection criteria, and application requirements to off-grid solar and clean cooking service providers;
- Implement a digital tool to enable real-time management, reporting, and monitoring on the Facility status and progress, including to review and evaluate applications, provide recommendations to award financial and non-financial support, track and report on performance and results;
- Provide administrative and organizational assistance to qualified applicants to complete the application process, with a particular emphasis on assisting early-stage, locally-owned, and/or women-owned companies;
- Identify and define specific technical assistance needs of successful applicants that can be provided through the TA program;

[8] The Facility could potentially provide higher incentive payments to support service delivery in specific areas of the country (depending on which provinces/districts are prioritized by EDM/FUNAE, FP).

- Set up a selection committee responsible for selecting beneficiaries consisting of representatives from FUNAE, FP, the Facility, and other relevant sector representatives (selection committee and decision-making mechanisms should be established in consultation with FUNAE, FP and defined as part of the OM);
- Select pre-qualified businesses meeting the eligibility criteria and recommend award winners with final decision to be made by the selection committee;
- Determine award amount, disbursement milestones, disbursement schedules, and data reporting requirements for each awardee;
- Provide feedback to high-potential but unsuccessful applicants on issues related to proposal and recommend for the TA program when appropriate;
- Conduct due diligence of the selected successful applicants and finalize contracting with awardees
- Coordinate with other existing programs to ensure that implementation and incentives are coordinated to the extent possible; make recommendations to the GoM on changes to the Facility structure for subsequent procurement windows, if any; and
- Repeat activities above for subsequent procurement windows, if any, and calls for applications as required.

ACTIVITY III. TECHNICAL ASSISTANCE PROGRAM FOR OFF-GRID SOLAR AND CLEAN COOKING BUSINESSES

The Manager will establish dedicated capacity to deliver targeted technical assistance to private sector enterprises participating in the off-grid standalone solar and clean cooking value chains. The TA program will aim to strengthen the impact of the Facility by creating a strong and steady pipeline of qualified applicants and enhancing performance of the facility beneficiaries. The technical assistance and business development services offered will be structured by the Manager based on their expertise and knowledge of the sectors and will also be informed by their experience through the administration of the Facility. The Manager must ensure that the financial and non-financial tracks of support collaborate to ensure firms benefit from the needed type of support.

The specific support offered should aim to enhance the businesses' capacity to absorb financing and turn it into affordable and sustainable off-grid connections or clean cookstove sales, as well as to enhance their operations and servicing to rural and deep rural areas (including target areas with concentration of IDPs).

ACTIVITY IV. ONGOING FACILITY OPERATIONS MANAGEMENT AND MONITORING, EVALUATION AND REPORTING OF PROGRESS AND RESULTS

The Manager will be responsible for day-to-day management of the Facility operations, including (but not limited to):

- Prepare disbursement forecasts for FUNAE, FP's review and approval;
- Disburse funds to awarded firms upon verification as required based on the type of payment (milestone-based, RBF);
- Dedicate monitoring and evaluation staff in charge of database management, implementation follow-up, providing claims for IVA verification, review of verification reports, preparing performance reports for incentive payments, preparing reports to FUNAE, FP, etc.;
- Track beneficiary performance and milestones (through the Monitoring and Evaluation (M&E) staff within the facility working closely with the IVA);
- Monitor grantee performance and initiation of non-performance protocols where necessary
- Aggregate and managing of grantee operational data;
- Coordinate annual review of the Facility Operations Manual with FUNAE, FP and the World Bank, updating processes and documentation as required;
- Submit quarterly reports, using sex-disaggregated data and highlighting issues related to gender equality as it relates to both consumers and employment/businesses (in writing, and upon request, in person) to FUNAE, FP

- Supporting FUNAE, FP to work with existing programs to ensure that available funds support the Facility, and source funding from other sources, including international and local development and financial institutions; and
- Preparing an M&E framework and operations and management plan that is consistent with World Bank accounting protocols and procurement requirements.

4. Governance and Contracting Arrangements

Management of the Facility (Phases 1 and 2) will be awarded jointly to a single firm or consortium (the Manager) under a separate contract for each phase, both of which will be linked to the overall *ProEnergia+* project end date (currently scheduled for November 30, 2027). Both contracts will have a cumulative period of three (3) years with a possible extension of one (1) year for a total of four (4) years. The Manager will be selected and contracted by FUNAE, FP. Inputs to be provided by FUNAE, FP to the selected firm will include the following:

- Financing Facility outline, with an overview of the main goals to be achieved by the Facility (on this basis, and in close coordination with FUNAE, FP, the Manager will develop the Operations Manual); and
- A list of documents and materials to be consulted in the process of designing and structuring the financial and technical assistance support to be offered by the Facility.

Phase 1 will be executed under a lump-sum contract, and the Manager will be required to complete the work under this phase during the initial six (6) month period. Compensation for Phase 1 will be on a fixed-fee basis linked to deliverables to be established based on the proposed Facility Manager's proposal and finalized during contracting with FUNAE, FP. A list of deliverables is presented below in **Section 5: Deliverables/Schedules of Results and Reporting**. Payments will be made by FUNAE, FP based on acceptance of these deliverables.

Phase 2 will begin following successful completion of Phase 1 and under a time-based contract during the remaining project timeline (2.5 years). Payments will be made based on the Manager's estimated Level of Effort (LoE) during this period. In addition, a set of Key Performance Indicators (KPIs) will be used to measure performance and progress towards objectives and results. A list of indicative and proposed KPIs is presented below in **Section 5**: **Deliverables/Schedules of Results and Reporting**.

5. Deliverables/Schedule of Results and Reporting

Phase 1 - Schedule of Deliverables

The table below shows the schedule of deliverables associated with **Phase 1**, which includes Activity I, to be executed under a lump-sum contract for a duration of six (6) months. A maximum 20 percent of the financial proposal will be assigned to Phase 1. The Facility Manager must develop and submit the following deliverables to FUNAE, FP:

No.	Deliverable	Description	Timeline
1	Inception report	Inception report including final work plan	2 weeks after contracting
2	Draft Facility Design and Structure	Draft design of financing windows and incentive scheme of the finance facility, and recommendation for structure	2 months after contracting
3	Final Facility Design and Structure	Final design of financing windows and incentive scheme of the finance facility, and recommendation for structure (addressing comments on the draft version)	3 months after contracting

No.	Deliverable	Description	Timeline
4	Draft Facility Operation Manual	Draft manual and guidelines reflecting all technical, operational, managerial and administrative aspects of the facility, including draft templates and procurement documents for applications	4 months after contracting
5	Final Facility Operation Manual	Final operating manual and guidelines reflecting all technical, operational, managerial and administrative aspects of the facility, including draft templates and procurement documents for applications	5 months after contracting
6	First call for proposals for Off-grid solar RBF	Launch of the facility including event held, communication outreach, and first call for proposals open	6 months after contracting

All final deliverables will be submitted in both English and Portuguese.

Phase 2 comprising Activities II, III and IV, will have a maximum duration of two and a half (2.5) years, which could be extended to one (1) additional year subject to performance, need of continuity, and availability of funding. Quarterly reports will include both narrative and financial information based on an agreed-upon work plan. Reports shall include (but not be limited to): description of activities carried out, key results achieved, constraints encountered, forecast activities and budget for next quarter, etc. The Manager will support management of the Facility and the operation/secretariat of any committees established, convening and coordinating regular meetings and ensuring that concise records of key decisions are kept.

Key tasks to be developed by the Facility Manager during **Phase 2** include (but are not limited to) the following:

No.	Task	Description	Frequency
1	Setting and managing of windows launch and calls for proposals	Launch subsequent windows, set application calls and communicate in a public and transparent manner the timeline, predetermined selection criteria, and application requirements to solar and clean cooking operators and provide administrative and organizational assistance to qualified applicants on and as needed basis to complete the application process (as listed in 3.II scope of work)	Regularly, exact frequency to be determined in the Facility Implementation Manual
2	Final expression of interest reports and shortlist of companies	Assess applications and proposals, create shortlist and submit report to investment committee for final approval	Regularly, exact frequency to be determined in the Facility Operations Manual
3	Final RFP reports	Final proposals' evaluation reports and recommend award winners with decision to be made by a selection committee and recommend award amount, disbursement milestones, disbursement schedules, and data reporting requirements for each awardee	Regularly, exact frequency to be determined in the Facility Operations Manual
4	Facility pre-marketing activities and outreach and awareness creation	Workshops, digital communication, media communication	Regularly, exact frequency to be determined in the Facility Operations Manual
5	Feedback to unsuccessful applicants	Provide feedback to high potential but unsuccessful applicants (e.g., new ventures) on issues related to proposal	Regularly, exact frequency to be determined in the Facility Operations Manual
6	Technical Assistance	Deliver capacity building and TA to pipeline organizations, including high potential unsuccessful applicants, as well as	Ongoing activity

No.	Task	Description	Frequency
		program beneficiaries. Develop a plan for technical assistance and carry out of pre- and post-call for proposals sessions. Implement outreach to ensure active participation	
7	Quarterly narrative reports	Description of activities carried out, key results achieved, constraints encountered, forecast activities, results and budget for next quarter	Ongoing activity, quarterly
8	Annual cumulative narrative reports	Main activities carried out for each of the windows, status of all contracts with grantees/awardees, lessons learned, progress achieved against targets and KPIs, Facility monitoring and evaluation, including Technical Assistance and Operations Management and Financial Report	Ongoing activity, annually
9	Final cumulative narrative reports of each window	Final cumulative narrative reports for each window	Prior to contract closing

All reports must include a description of how issues related to gender equality, for both consumers and businesses, have been addressed and improved.

For improved deployment of the Facility, FUNAE, FP encourages and prefers the use of digital management platforms for tracking all phases and procedures. Areas to be covered by the Facility will be identified by the GoM prior to its operationalization with support from the Manager during Phase 1, as part of the design and structure of the Facility.

This Facility will support distribution and adoption of quality and certified off-grid solar solutions and clean cookstoves to remote, underserved and vulnerable communities through the expansion of the market by attracting new players and by improving the accessibility and affordability of the products. The expected results are:

- 88,000 households with access to standalone solar systems;
- 200,000 households with access to clean cook stoves; and
- 25,000 households comprising IDPs and host communities with access to solar home systems.

The Facility Manager's performance during Phase 2 shall be measured annually with KPIs, to be finalized during contracting, which will have to exceed the following minimum values:

Key Performance Indicator (KPI)	Year 1	Year 2	Year 3
Number of standalone solar systems provided (cumulative)	4,400	48,400	88,000
Number of clean cookstoves provided (cumulative)	0	90,000	200,000
Number of standalone solar systems provided to IDPs and host communities (cumulative)	0	11,250	25,000
Percentage of Amount disbursed (out of total of USD 26 million)	10	60	100
Percentage of businesses contacted and actively engaged as part of outreach activities of the Facility that are women-led businesses.	10	15	20
Percentage of qualified firms receiving financing under the Facility as SHS and clean cooking providers that are women-led businesses.	0	10	10
Percentage of firms receiving financial support that are locally owned	0	10	30
Percentage of firms receiving financial support that are new to the Mozambican market	0	5	15
Percentage of firms receiving technical assistance that are locally owned	5	20	40
Percentage of firms receiving technical assistance that are new to the Mozambican market	0	5	10

In case of demonstrable non-performance vis-à-vis contractual undertakings, FUNAE, FP, after providing adequate warnings, reserves the right to dismiss the Facility Manager.

6. Required Qualifications and Experience

FUND MANAGER QUALIFICATIONS

The selected Facility Manager will have a demonstrated track record of managing and structuring similar finance facilities in similar markets within the last 10 years and will have successfully delivered (or be delivering) **at least two similar fund/facility management assignments** in size, complexity, sector, operational context, economic and social settings of the client country **within the last five (5) years, out of which at least one should be Results-Based Financing (RBF)**.[9]

Bidders should clearly demonstrate the following qualifications:

- Experience in, and understanding of, both the off-grid solar and clean cooking markets in Sub-Saharan Africa, ideally including pay-as-you-go (PAYGO) solar (**minimum five years**);
- A track record of structuring and managing finance facilities (with strong grants and technical assistance components) aimed at market stimulation, ideally facilities funded by multilateral development banks and/or development finance institutions and/or bi-lateral development assistance agencies. The firm should have successfully delivered (or be delivering) **at least two (2) similar assignments within the last five (5) years, out of which at least one should be Results-Based Financing (RBF);**
- Strong program management and grant administration skills, including financial controlling and management of funds. Experience directly disbursing funds to awardees is highly advantageous;
- Proven fund mobilization expertise is desirable;
- Adequate local presence of the team in Mozambique prior to the launch of the Facility first call for proposals to manage relationships and reporting with FUNAE, FP and applicants/investees (including awareness generation, sourcing, and due diligence);[10]
- Based on international experience, understanding of success factors of private sector enterprises and applicants/grantees with demonstrated experience delivering focused and targeted technical assistance to private sector companies in the solar and/or clean cooking space. Knowledge of successful business models in IDP contexts is also highly desirable;
- Proven experience in handling data in accordance with and respecting data protection policies, and experience in M&E system design and implementation;
- Demonstrated experience of managing development projects using a gender-sensitive lens;
- Experience in relationship management and reporting to government stakeholders and large development finance institutions (DFIs);
- Experience in and understanding of the Mozambican market is desirable.

TEAM COMPOSITION

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

KEY EXPERTS

[9] "Demonstrated track record" means that bidders must specifically describe the results achieved under similar assignments that have been completed (if an assignment is ongoing, bidders must clarify how long the assignment has been under implementation and what results have been achieved to date).

[10] The Facility Manager must be legally able to work in Mozambique and will be responsible for obtaining any work permits for international staff and consultants as needed.

1. **Team Leader**
2. **Senior Off-Grid Energy Finance Officer**
3. **Renewable Energy Market Specialist(s)/Technical Assistance Manager(s)**
4. **Junior Investment/Financing Officer(s)**
5. **Finance Manager**
6. **M&E Specialist**

Pool of Short-Term Experts (as needed): Given the wide range of expertise required to manage the Facility and provide technical assistance, the Facility Manager must have the organizational ability and flexibility to mobilize short-term specialists as needed during the implementation of the Facility. If not covered through the Key Experts, the pool of short-term experts should have expertise in demand activation, communications and outreach (to prepare and disseminate materials for awareness raising purposes), among others. Knowledge of policy and regulatory frameworks and experience providing technical assistance to government will also be necessary. The Consulting firm should propose the best team combination to achieve the overall goal, in addition to the minimum key experts listed below. Together with the proposed team structure, the consultant must present CVs for the different key and short-term experts.

QUALIFICATIONS AND REQUIREMENTS FOR THE KEY EXPERTS

KEY EXPERT 1: TEAM LEADER

Qualifications:

- Advanced university degree in finance, international development, management or other relevant field.

Experience:

- A minimum of 10 years or more in managing large donor or government funded programs
- Demonstrated experience in managing grant funds, preferably in promotion of off-grid renewable energy and/or clean cooking;
- Experience in, and understanding of, the off-grid solar and cooking markets in Sub-Saharan Africa, including PAYGO solar;
- A track record of structuring and managing milestone based and 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;
- A track record of providing financing to rural/off-grid home appliance distribution businesses and/or consumer finance businesses;
- Demonstrated understanding of success factors of for-profit businesses;
- Awareness, sensitivity and knowledge regarding social and gender issues, in particular women's entrepreneurship, in Mozambique is highly desirable;
- Experience managing reporting relationships with government stakeholders and large development finance organizations is highly desirable; and
- Fluency in English is required; Portuguese is desirable.

KEY EXPERT 2: SENIOR OFF-GRID ENERGY FINANCE OFFICER

Qualifications:

- Advanced university degree in finance, economics, business administration, or other relevant field.

Experience:

- A minimum of three (3) years of experience in developing, implementing, and managing RBF programs;
- A minimum of five (5) years of experience in origination, due diligence, structuring and monitoring of corporate and/or consumer finance related grant funds;
- A minimum of three (3) years of experience in the off-grid solar market in Sub-Saharan Africa, including pay-as-you-go solar; experience in clean cooking solutions is highly desirable;
- Experience in structuring and managing RBF monitoring and evaluation processes required;
- Experience in outreach and stakeholder engagement activities (including gender inclusive) is highly desirable;
- Fluency in English is required; Portuguese is desirable.

KEY EXPERT 3: RENEWABLE ENERGY MARKET SPECIALIST(S)/TECHNICAL ASSISTANCE MANAGER(S)[11]

Qualifications:

- Advanced university degree in finance, economics, business administration, engineering, renewable energies, energy technology or other relevant field.

Experience:

- At least five (5) years of experience in energy and private sector development, and a deep understanding of the off-grid renewable energy sector in SSA;
- Experience and track record in technical assistance program structuring and delivery for MSMEs in the areas of off-grid renewable energy, clean cooking, or combined (refer to footnote 12);
- Experience in promoting, developing and supporting female- owned or headed businesses is desirable;
- Experience recruiting and retaining consultants for technical assistance delivery;
- A minimum of three (3) years of providing technical support/business advice/business development to SMEs and/or MFIs considered highly desirable;
- Awareness, sensitivity and knowledge regarding social and gender issues in Mozambique is highly desirable;
- Understanding of success factors of for-profit businesses;
- A minimum of three (3) years of experience in the off-grid solar and/or clean cooking market in Sub-Saharan Africa;
- Experience in outreach and stakeholder engagement activities (including gender inclusive) is highly desirable; and
- Fluency in English is required; Portuguese is desirable.

KEY EXPERT 4: JUNIOR INVESTMENT/FINANCING OFFICER(S)

[11] Key Expert 3 can be staffed by either one expert with experience in both the off-grid solar and clean cooking market segments, or by two experts who combined meet the required experience with solid knowledge on both off-grid and clean cooking sectors (bidders must ensure that both sectors are covered).

Qualifications:

- Bachelor's degree in finance, law, economics, business administration, or other relevant field.

Experience:

- A minimum of two (2) years of experience in origination, due diligence, structuring and monitoring of corporate and/or consumer finance related grant funds;
- A minimum of one (1) year of experience in the off-grid solar market in Sub Saharan Africa, ideally including pay-as-you-go solar;
- Demonstrated research, financial and sectoral analysis skills;
- Understanding of success factors of for-profit businesses;
- Management of grant servicing and monitoring and evaluation processes; and
- Fluency in English and Portuguese is required.

KEY EXPERT 5: FINANCE MANAGER

Qualifications:

- Bachelor's degree in finance/accounting, business administration, or other relevant field. Internationally recognized professional accounting qualification would be an advantage (e.g., CPA, CA, ACCA).

Experience:

- A minimum of five (5) years of experience in financial management;
- A minimum of three (3) years of experience in supporting the planning and financial controlling of projects. Sound knowledge and understanding of accounting theory, concepts and principles, combined with practical experience in financial reporting, planning and budgeting, treasury managements and auditing. Experience with WB-funded projects is highly desirable;
- Experience in advising the management team on financial issues and support any other activities requiring inputs from the financial point of view, as needed;
- Experience in annual cost planning, preparation of forecasts, and monitoring of costs;
- Experience in preparing budget forecasts as well as donor reports. Experience with WB-funded projects is highly desirable;
- Experience in monitoring compliance with procurement and contracting processes and regulations. Experience with WB-funded projects is highly desirable; and
- Experience in coordinating technical financial processes (e.g. internal control, audit reviews, final invoices, contract settlements). Experience with WB-funded projects is highly desirable.

KEY EXPERT 6: M&E SPECIALIST

Qualifications:

- Bachelor's degree in Social Sciences, economics, international development, engineering, physics or other relevant fields.

Experience:

- A minimum of three (3) years professional experience in monitoring and evaluating development projects;
- Experience in operationalization for donor-funded programs and in design of appropriate M&E frameworks, mechanisms, and reporting protocols;
- Demonstrated skills in conducting evaluations, surveys, assessments, designing log frames and other tasks related to M&E;
- Reporting skills on project activities, which should include writing quarterly reports, project success stories, final reports, and other reporting tasks;
- Strong understanding of computer systems, in particular database management used to track and report results, and other programmatic information is required;
- Experience in verification processes for results-based financing facilities is highly desirable; and
- Fluency in Portuguese and good English skills are required.

SHORT TERM POOL OF EXPERTS

The Consultant must be able to mobilize short-term experts as needed, to contribute to the design and the implementation of the Facility. A roster of short-term specialists will be provided who can be activated according to the technical assistance needs to be delivered. The Short-Term Pool of Experts should have the following experience/skills/capabilities:

- Demand activation
- Awareness raising campaigns and behavior change
- Energy policy and regulatory frameworks
- Technical assistance for government
- MSME financing and business development services
- Communication and outreach capabilities for the dissemination of the call of proposals, promotion of the facility impact, etc.
- Women's economic empowerment (WEE)

SELECTION CRITERIA

The consultant will be selected in accordance with the Quality and Cost based Selection (QCBS) Methods set out in the World Bank Procurement Regulations for IPF Borrowers dated July 2016, revised in August 2018 and November 2020.

7. Confidentiality Statement

All data and information received from the Government of Mozambique and the World Bank for the purpose of this assignment are to be treated confidentially and are only to be used in connection with the execution of these Terms of Reference. All intellectual property rights arising from the execution of these Terms of Reference are assigned to FUNAE, FP. The contents of written materials obtained and used in this assignment may not be disclosed to any third parties without the advance written authorization of FUNAE, FP.