

Appendix 1

Terms of Reference

Monitoring Services of the +SOL project

1. Introduction

The Swedish International Development Cooperation Agency (Sida), through the Embassy of Sweden in Maputo (the Embassy), has several ongoing contributions in the energy sector. Three of these are with Netherlands Development Organisation (SNV): Brilho, Gerasol, and the newly signed +SOL project. The monitoring services regard only the +SOL project. +SOL consists of four components, Pipeline Development, the Clean Energy Fund (CEF), the Climate Asset Aggregator (CAA), and Technical Assistance & Sector Strengthening (TASS). The project is expected to result in 25,000 people benefitting from Green Mini-Grids (GMGs) and Solar Home Systems (SHSs), 5,000 people accessing Clean Cooking Solutions (CCS's), 350 businesses making use of the GMGs, and employment of 150 Full Time Equivalents (FTE's).

The project launched its inception phase in December 2024 and the project will run until the 31th of December 2028. With the aim of providing additional support to SNV, FUNAE, and ARENE with the process of follow-up and monitoring of the project, the Embassy intends to procure a Monitoring consultant (MC). The expected tasks of the MC, background to the project and its implementation are given in these Terms of Reference (ToR).

The ToR has been prepared by the Embassy of Sweden in Maputo.

2. Background

Since year 1979 Sweden has provided assistance to the energy sector in Mozambique, primarily through support to EDM. Over the last 10 years support in the energy sector has begun to include private sector initiatives such as Brilho, Africa Enterprise Challenge Fund (AECF REACT), Beyond the Grid Fund for Africa (BGFA), and others.

Due to the complexities of energy projects within Mozambique, not least with the highly technical and large projects implemented with partners such as EDM or SNV, the Embassy has been using monitoring consultants to assist those same partners with follow-up and monitoring.

3. +SOL

As mentioned above the four components of the project are explained in more detail below:

1. **Pipeline Development:** Improving the pipeline of private sector MSMEs ready and able to deliver GMG and SHS. The Government of Mozambique (GoM) will identify priority communities according to the National Electrification Strategy for Off-Grid Areas for presentation to private sector as clusters, which will allow for economy of scale thereby increasing efficiency.

In support of this, a pre-feasibility analysis using GIS and satellite-based imagery will be deployed to each cluster. This is especially important as there is a non-zero risk that some of the areas indicated priority communities might already have been informally reached by the private sector to a small extent changing the business case as well as the load profile of the communities.

GoM will release public tenders inviting Expressions of Interest by private sector actors interested in and capable of managing energy supply to the validated priority clusters. SNV will lend advisory support to both GoM and applicants to ensure clarity and smooth

processing of applications. Alongside GoM, SNV will provide support to operationalize the regulatory framework and develop the foundations for building fiscal incentives into the off-grid sector.

2. **Clean Energy Fund:** Strengthening the commercial sustainability of private sector MSMEs in GHG and SHS markets, with the support of a reliable and diversified financing. The CEF will apply the Results Based Financing (RBF) instrument with incentives tailored to the unique needs of each stage of the clean energy project development lifecycle from inception through densification up to scaling of community connections. Recapitalization of the CEF will draw upon the carbon market value unlocked via a Climate Asset Aggregator embedded in the program to unlock carbon financing on results achieved via +SOL investment.

The RBF incentives are divided into four stages, Inception, Construction, Commissioning, and GESI (Gender and Social Inclusion), together the incentives reach 62% of CAPEX for the project. The Embassy assesses that while high, the market is nascent and undeveloped. High incentives are necessary for a piloting project such as this one but should not be representative for future projects in the sector.

3. **Climate Asset Aggregator:** Streamline carbon financing of assets supported by +SOL to create channels for CEF recapitalization. The CNG will create a Program of Activities (PoA) under the Gold Standard Carbon Offset model. This will act as a blueprint detailing how the carbon quantifications specific to +SOL will be conducted and outlines how the activities will meet the requirements from the Gold Standard.

The idea is that part of the proceeds from carbon credit sales by the companies will be given back to the CEF, with the percentage of these proceeds being the same as the percentage of CAPEX that is covered by the RBF mechanism. For example, if a company has 55% of its CAPEX covered by the CEF RBF payments, 55% of proceeds from carbon sales will need to be sent back to the CEF to recapitalize it until the total CAPEX amount has been "paid back".

4. **Technical Assistance and Sector Strengthening (TASS):** Improving the enabling environment for off-grid energy MSMEs in Mozambique and ensuring strong leadership from GoM. Under the Green Mini-Grid Sandbox, +SOL will systematise the learnings and improve the process in private sector engagement throughout the PCW tenders and SPW open intake. This will be especially important given the market's current stage and the profound sense of urgency in scaling up GMG deployment to achieve universal access to electricity by 2030.

+SOL will also offer support to nascent domestic and incoming international ventures, tailored advisory services will guide companies through commercial business registration, brokering partnerships, and licensing in Mozambique. Project developers will be offered advice and support on navigating regulations and the concessional process via a technical advisor focal point (TA). The TA will coordinate these advisory services, delivered by +SOL's embedded program staff and a pool of short-term experts including local business development service providers, who will be able to provide regular coaching and support, tailored to the needs of each market segment and technology area.

4. Scope of Work

The primary objectives are to support the partners with advice as well as timely information on the progress of the Project, with specific reference, but not limited, to the following information:

- Participating in the concession selection process jury as an observer and as technical support to ARENE.
- Reviewing the concession selection process, including but not limited to technical, financial, and legal evaluation of tenders.
- Reviewing payments made by SNV to participating companies and ensuring that incentive triggers for payments have been met.
- Follow-up of results reported by participating companies through both desk reviews and field visits.
- Follow-up with other similar programs to compare reported results and safeguard against double-counting.
- Review of annual reporting from SNV to the Embassy, including but not limited to narrative, financial, and results reporting, as well as annual work plan and budget. Findings will be reported to SNV to help them ensure that they meet the reporting requirements of the agreement.
- Participate in Investor Working Group meetings as an independent observer, advising both ARENE as well as SNV with experience and highlights.
- Participate in the country platform and donor alignment work together with SNV, ARENE, FUNAE, MIREME, UIPCE, and the donor alignment group.
- Regularly follow-up on management of the grievance system; access by the general public, and any information therein.

6. Reporting and Documentation

The Monitoring Consultant shall report to the Embassy quarterly through a written quarterly report (as described below) as well as a meeting with the Embassy.

The written quarterly report shall include in addition to the scope of work listed above (but not limited to):

- Names of reports/documents that have been read through during the reporting period, together with names of Project personnel who have been consulted for information. Any other activities, such as site visits and meetings attended shall also be listed.
- Brief description on progress of the Project as well as any information learned that could mitigate risks and/or identify any other risks that may have a negative impact on the Project and its implementation.
- Output and outcomes of the project follow up (results matrix).
- Any other information that is considered to be of use and/or importance to the Embassy in respect of its efforts to support this Project, under the heading of “Findings and Recommendations”.
- Other important issues such as additional unforeseen events and any risks including proposal of mitigation measures.
- Financial control, that is, expenditure to date, estimated final costs, cashflow projections, and payments made to Contractors and Consultant(s).
- Information on expected disbursements for the foreseeable future.

With regards to providing comments and advice in relation to the “no objection-process”, the MC is expected to respond in writing to the Embassy not later than 5 days after receiving the concerned documents.

Provide final report on the project to provide a full review of the project including, achieved results and lessons learned, constraints and other issues of specific relevance.

The reports shall be submitted in an electronic version and written in English. In between, the Monitoring Consultant will report to the Embassy, orally and in writing, as and when needed.

6. Organisation and Time required for the Task

The Assignment is expected to start 1st May 2025 and end 31st December 2028, and be performed as follows:

The monitoring services shall be performed both in Mozambique and at the home office of the Consultant(s). It is estimated that 1-2 visits to Mozambique will be needed each year. The duration of each visit may vary, but on average be five (5) working days (excluding travel time).

Services shall be carried out during the period leading up to the point where the construction of the project is completed, including a period of defects liability after completion of the work.