



BRILHO Energy Africa Mozambique Market Development Fund Guidelines for Applicants

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Acronyms

BDS – Business Development Services
BEST – Biomass Energy Strategy
CapEx – Capital Expenditures
CCT – Controlled Cooking Tests
CfP – Call for Proposals
CG – Catalytic Grants
DFID – Department for International Development
EoI – Expression of Interest
ESL – Energy Service Level
FP – Full Proposal
FUNAE - Mozambique Energy Fund
GBP – Great Britain Pound
GDPR – General Data Protection Regulation
GMG – Green Mini Grids
GoM – Government of Mozambique
ICS – Improved Cooking Solutions
LPG - Liquefied Petroleum Gas
NGOs – Non Governmental Organisations
MDF – Market Development Fund
MTF – Multi-Tier Framework
OpEx – Operational Expenditure
PayG – Pay As You Go
PPA – Priority Postos Administrativos
PU – Productive Use
QA – Quality Assurance
RBF – Result Based Financing
SHS – Solar Home Systems
SOP – Standard Operational Procedures
TA – Technical Assistance
UA – Underserved Areas
VAI – Vulnerability Assessment Index
WBT – Water Boiling Test

BRILHO aims to stimulate private sector delivery of quality and affordable off-grid energy products and services to improve the lives of low-income people in Mozambique. BRILHO is a programme funded by the UK Department for International Development (DFID), to be implemented over five years (2019-2024) by SNV Netherlands Development Organisation.

Background

With an off-grid population of approximately 4 million households, Mozambique has the seventh largest off-grid population in Sub-Saharan Africa. Mozambique is characterized by having only 27 per cent of the population currently with access to electricity¹ and more than 95 per cent of the population using traditional biomass for their cooking energy needs. A large share of the off-grid population is unaware of clean energy technologies and their benefits.

The Government of Mozambique (GoM) has set an ambitious goal to achieve universal access to energy by 2030 as reflected in the 2018 national programme 'Energia Para Todos' and the 2013 national Biomass Energy Strategy (BEST) to ensure access to Improved Cooking Solutions (ICS). The government has taken determined steps in improving the access to electricity; however, even with ambitious targets of the National Electrification Strategy aiming to see more than 370,000 new electricity connections annually by 2030, more than 14 million people will remain without access to electricity in the immediate future.

Supporting GoM goals to realize universal energy access will therefore require significant efforts amongst multiple stakeholders. GoM recognizes the need to realize its ambitions via the development of a vibrant private sector of off-grid energy service providers. Aim is to stimulate commercial investment and open the wider potential for consumer access to renewable energy technology options including solar power, improved cooking solutions and green mini-grids. Despite the need and potential of Mozambique's sizable off grid population, market analysis conducted by multiple stakeholders reveals that this market continues to largely remain underserved. Only a limited array of renewable off grid energy businesses are currently operating in Mozambique to avail quality renewable energy product and services to rural off grid communities.

In response to this context, the Energy Africa Compact for Mozambique, an effort led by DFID and the GoM, supported by other development partners, outlines the specific sector challenges, opportunities and actions needed for the off-grid energy sector to expand and strategically contribute towards universal access to energy goal.

BRILHO, a £ 22.8 million five years programme, represents DFID's contribution to Mozambique's Energy Africa Compact and universal energy access ambitions with support intended to leverage the private sector's innovation and investment capacity in a manner that triggers robust growth in underserved off grid energy markets. As part of its strategy, the programme will further work to develop a conducive ecosystem for off grid energy market development by improving the access to information, setting quality benchmarks and advocating for a better regulatory framework. By 2024, the coordinated efforts of BRILHO aim to improve access to quality energy options for families and local businesses via:

- **Improved Cooking Solutions**, inclusive of improved biomass cookstoves, biogas, ethanol, LPG and electric stoves, benefitting 750,000 persons
- **Off-Grid Electrification Solutions**, inclusive of *Solar Home Systems (SHS) and Green Mini-Grids (GMG)*, benefitting 750,000 persons
- **Productive Use**² of off-grid energy solutions benefitting 15,000 commercial businesses

¹ Source: Energy Africa Compact for Mozambique. The majority of these reside in urban areas.

² Productive/commercial use: Activities that involve the utilization of energy (both electric, and non-electric energy in the forms of heat, or mechanical energy) for activities that enhance income and welfare. In rural contexts these activities are typically in the sectors of agriculture, rural enterprise, health and education. (Source: World Bank)

BRILHO will support the private sector efforts through a **£ 14.6 million Market Development Fund (MDF)** intended to de-risk and accelerate business initiatives aiming to achieve competitive commercial returns and provide quality energy solutions in emerging off-grid markets localities throughout Mozambique.

Private sector players interested to engage in BRILHO's MDF will be able to place competitive bids for a mix of structured non-reimbursable financing ranging from **£50,000 - £1,500,000**, in the first round of BRILHO funding. Alongside direct financing, BRILHO will pair opportunity for successfully bidding businesses to access tailored Technical Assistance (TA) supports.

Additional funding per business could be available by a. extending their contracts, based on performance and funds availability, or b. in following rounds for additional bids.

1. Market Development Fund Support

The MDF will support commercial and emerging players that deliver off-grid energy products and services in Mozambique. BRILHO has defined a specific scope of eligible technologies based on a multi-tier classification, with required technical specifications per product category, per tier level detailed under Annexes 1 and 2.

Financing available via the MDF is intended to be accessible to a broad range of business models with actors ranging from solar start-ups and informal ICS enterprises with no access to commercial finance, to leading off-grid energy businesses who are able to raise equity and debt, and are ready to scale to a new market / a new part of Mozambique. The MDF will cater for this broad range of private sector players, recognising their different market niches, business models and needs, providing a holistic set of instruments that are accessible to all businesses dealing in ICS, SHS and mini-grids, as well as tackling particular barriers per technology area.

BRILHO's MDF support will be delivered in the form of two financing mechanisms, through Catalytic Grants and Results Based Financing (RBF), along with technical support as described in the figure below.

An interested business will be able to apply their preferred combination of MDF instruments (Results Based Financing, Catalytic Grants) to a maximum individual value of £1,500,000 through a single, integrated application process. In addition, businesses will be able to apply for specific Technical Assistance according to their needs. For example, while some businesses might have stronger needs for TA paired with Catalytic Grants to prepare them for engagement in the market, others might already be involved in sales of SHS and ICS products in Mozambique and prefer to solely access Results Based Financing directly. Design and operational considerations for each of the MDF instruments is further elaborated in the Sections 2.1-2.4 below.

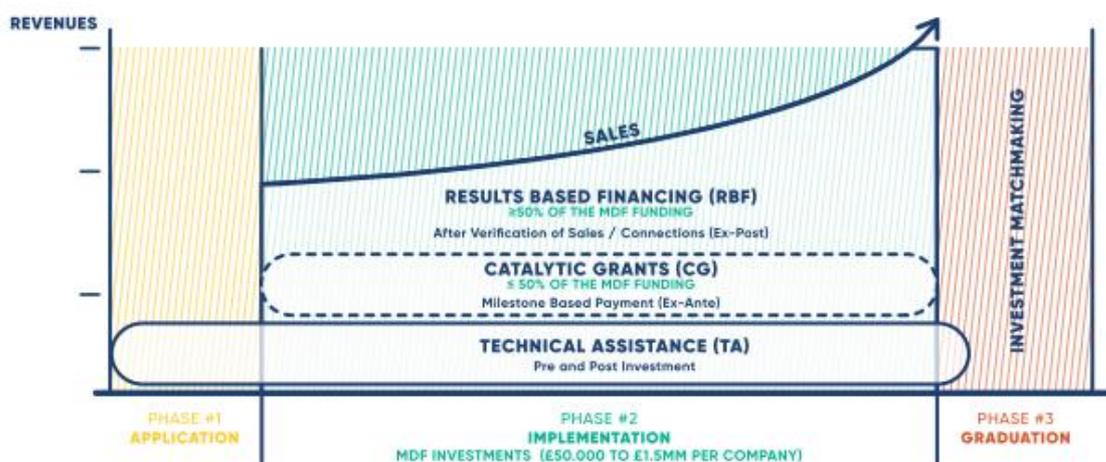


Figure 1 MDF support mechanisms

1.1. Catalytic Grants (CG)

The Catalytic Grants refer to competitive milestone based grants for seed and working capital towards accelerated and scaled sales and distribution of off-grid energy products and services. This funding instrument will provide flexible financing, to be disbursed in advance (pre-financing) and/or on a reimbursement basis, to scale up operations and enable piloting of new approaches, technologies or partnerships for established enterprises in Mozambique. For new entrants into the Mozambique market, this financing is intended to defray a portion of the initial, incremental, and opportunity costs associated with market activation. For all businesses, this mechanism can include revolving fund systems and other financial mechanisms to improve access to financing for end consumers to afford off-grid energy solutions.

Catalytic Grant financing is intended to compensate businesses for Capital Expenditures (CapEx) and Operational Expenditure (OpEx) required in support of market combinations of development actions inclusive of, but not limited to Market assessments; Sales and marketing; Revolving funds; Local production/assembling equipment and capacity; Product Development; Skills development. Moreover, the following are not eligible items for BRILHO's MDF Catalytic Grant funding:

- a. Purchase of real estate assets;
- b. Leasing of equipment or vehicles for applicant use;
- c. Bank charges, cost of guarantees and similar charges;
- d. Value of intellectual property rights;
- e. Value of existing inventory used for the production of the business initiative goods and/ or services;
- f. Intellectual property registration costs for new inventions.

Applicants for Catalytic Grants may request up to £750,000.00 based on the following conditions related to their total MDF request:

- Total Catalytic Grant value cannot exceed that of the Total RBF bid placed by the business.
- GMG business initiatives are waived of the previous requirement, since RBF will not be available for this technology in the first call; however, the threshold of £750,000 remains as applicable. GMG business initiatives must focus on the Prioritized *Postos Administrativos* identified by FUNAE and/or on the 30 sites with Pre-Feasibility Studies listed under Annex 3 and 4 correspondingly.
- Catalytic Grants disbursed as advance funding (pre-financing) will not be allowed to exceed at any point in time a 40% cap on the total approved Catalytic Grants value
- Applicants are required to match the Catalytic Grants with at least the same co-investment value (1:1) comprised of their own and partner cash and in-kind contribution with the following limitations:
 - Other grant-based development programme financing is ineligible as co-investment;
 - The co-investment must be specifically and directly related to the implementation of the business initiative;
 - The in-kind co-investment can include CapEx and/or OpEx realized from August 2018;
 - The value of the in-kind contribution must be tangible and verifiable, (i.e. based on specific supporting evidence such as contracts, invoices, etc.) so as to be confirmed for eligibility during due diligence.

For applicants that will request Catalytic Grants (CG) financing in their Expression of Interest to BRILHO's MDF, they will be expected to provide the following information: (i) the total projected value of the CG funds needed, and (ii) a high level breakdown of the MDF Co-Investment related to their own and partner Cash and In-Kind contributions. The proposed CG request by the applicant will then be assessed to determine (i) compliance to eligibility criteria of the BRILHO program, (ii) cost competitiveness compared to other bids received, (iii) social impact of the proposed business initiative, and (iv) relevance of the CG bid to results and market development goals of the applicants proposed business initiative.

Applicants with successful Expressions of Interest, will be invited to prepare a full proposal wherein they will detail both financial and narrative descriptions of intended CG activities that are arranged and identified by progressive milestone

indicators. Awarded CG support to firms will ultimately be contracted as milestone-based payments to be disbursed in tranches upon completion of key CG activities and attainment of specific agreed deliverables.

1.2. Results Based Financing (RBF)

Results-Based Financing (RBF) provides financial incentives to businesses to overcome temporary market development risks. The key feature of RBF is payment upon delivery. Businesses are expected to take the full risk until the moment of delivery of the contracted results. This means that enterprises must access up-front financing for their business expansion, which is expected to enhance accountability and long-term impact. In the case of BRILHO, part of this up-front financing can be provided by the programme itself via Catalytic Grants, to facilitate development of early stage enterprises and markets.

BRILHO's MDF Results Based Financing (RBF) instrument will avail financial payments available to businesses upon proven, eligible sales of off grid Solar Home Systems (SHS) and Improved Cooking Solutions (ICS)³. Payments will only be provided to the private sector once sales have been achieved and independently verified⁴. Once payments are received, enterprises are free to use the RBF incentives for whatever activity they deem necessary to develop their business and reach targeted sales. RBF incentives are not intended to subsidize retail prices beyond levels that can be offered sustainably by businesses in the long run. To these ends, RBF within BRILHO's MDF will apply the following principles:

- Reverse auction approach, which allows businesses to propose the initial RBF base incentive level value, competitively indicating the incentive value businesses consider as needed to engage in the defined markets⁵;
- Flexible RBF model, with incentive levels that can be adjusted in accordance to the market needs and business stage, instead of pre-determining fixed subsidies per company or product, and
- Incentive levels that reduce over time to gradually prepare the market for when RBF incentives are no longer available⁶.

The RBF mechanism in BRILHO's MDF is constructed as a competitive mechanism to accelerate sales growth and delivery of higher energy service solutions that reach underserved markets while facilitating increased opportunities for the productive use of energy.

Businesses will therefore independently compose bids in relation to their base level incentive value (proposed incentive per unit delivery) and the total targeted sales for each product they intend to sell with RBF support. Upon establishing the RBF base level incentive value, BRILHO will apply RBF Bonuses per product that reward (i) Energy Service Level of the proposed unit (ii) sales targeting Underserved Areas and (iii) Productive Use, to determine the RBF Incentive rate(s) of the company's proposed product(s) (see 'Table 1 : RBF Incentive Schedule' below).

In Expressions of Interest to BRILHO's MDF, businesses are expected to outline their intended household (domestic) and productive use sales targets per market locality to determine the total sum value of all RBF incentives as their Total RBF Bid. To support competitive engagement of businesses in RBF bidding, an RBF Bid Budgeting tool will be provided by BRILHO to generate both the RBF bid value per product and the total RBF bid value. The maximum total RBF bid value (in combination with any Catalytic Grant value requests) that a company may submit cannot exceed £1,500,000. A targeted average commercial investment leverage of 1:3 is set for the RBF, which will be measured per business at the end of each investment cycle.

The proposed RBF Bid by the applicant will be assessed to determine (i) compliance to eligibility criteria of the BRILHO program, (ii) cost competitiveness compared to other bids received, and (iii) expected impact of the proposed business

³ Green-mini-grids will initially be excluded from the RBF and will only be eligible for Catalytic Grants and TA

⁴ Further references on requirements on RBF sales reporting and claims are included under Annex 5.

⁵ To avoid market distortion, and considering the total available amount of funding vs the overall targets for the programme, BRILHO reserves the right to negotiate revised RBF base level incentives with the businesses.

⁶ In instances wherein the RBF incentive amounts are revised over the course of the BRILHO programme, all parties qualified to submit claims to the MDF will be notified in writing a minimum of three months (12 weeks) before any revisions are enacted.

initiative. Successfully bidding businesses invited to complete full proposal should therefore be aware that their RBF Bid incentive rates and/or total bid value and/or bid unit targets will be negotiated to determine a final accepted financing reward level by BRILHO as based on adjusted values relative to competing bids received and available MDF market development commitments.

Table 1 RBF Incentive Schedule

<p>A. RBF Base Level Incentive: <i>Value GBP (£)</i></p> <p>Proposed by the applicant as the estimated minimum incentive value per product proposed for support via BRILHO MDF Results Based Financing (RBF). Forms the central basis to calculate subsequent incentive bonus per unit and assess financial competitiveness of the applicants MDF proposition.</p>	<p>As proposed by the applicant in its Unit Bid</p>		
<p>B. Energy Service Level (ESL) Bonus: <i>A * ESL Bonus Rate</i></p> <p>This incentive will be paid on a pro-rata basis derived from the level of energy service delivered using the Multi-Tier Framework, both for electrification and cooking, taking into account quality standard considerations as described under Annexes 1 & 2. ESL bonuses are applied to base level incentives as per the brief schedule at right.</p>	Technology:	SHS	ICS
	Tier 1	0%	0%
	Tier 2	50%	25%
	Tier 3	100%	50%
	Tier 4	100%	100%
	Tier 5	100%	100%
<p>C. Underserved Areas Bonus: <i>A * VAI Bonus Rate</i></p> <p>Rewards businesses with increased financial incentives for engaging in lesser developed, remote localities of Mozambique by applying a Vulnerability Access Index (VAI) (see Annex 3), which is constructed using existing data on market conditions and socio-economic factors.</p> <p><i>VAI 5: In conjunction with the Government of Mozambique, specific Postos Administrativos have been identified as priority market development localities. Under VAI 5, SHS Business initiatives will not be prioritized if not combined with a GMG.</i></p> <p>The bonus is applied to base level incentives as per the brief schedule at right.</p>	VAI 1	Maputo Cidade & Provincial	0%
	VAI 2	Gaza, Nampula	50%
	VAI 3	Manica, Inhambane, Tete, Sofala, Cabo Delgado	100%
	VAI 4	Zambezia, Niassa	150%
	VAI 5	PPA: Priority Postos Administrativos	200%
<p>D. Productive Use (PU) Bonus: <i>A * PU Bonus rate</i></p> <p>Rewards businesses to actively seek productive use applications of their products, by applying a percentage bonus to base level incentive bids of businesses upon evidenced sales to customers that make use of their energy products for income generating activities. Eligible PU applications are inclusive of, but not limited to, small appliances powering shops through to larger appliances for increasing agricultural production and processing.</p>	No		0%
	Yes		25%
<p>E. Total RBF Incentive Bid Rate</p>	<p>= A + B + C + D</p>		
<p>To illustrate the structuring of RBF incentives relative to the base level incentive bid of a business per single GBP upon applying RBF Bonuses, the following scenarios can be realized in terms of RBF incentive values per product:</p>			

- A base level incentive bid for £1/unit for a Tier 1 product, to be sold in Maputo Province and without a productive use application would result in a final incentive bid value of £1/unit.

The same base level incentive bid for £1/unit for a Tier 5 product, to be sold in one of the Postos Administrativos prioritized by the Government of Mozambique, with productive use application, then the final incentive bid value will be £4.25/unit. (£1 Base + £1 ESL, + £2 UA + £0.25 PU)

1.3. Technical Assistance (TA)

Technical Assistance from BRILHO's MDF is intended to enable businesses to articulate short-term needs associated with developing a bankable and executable market strategy for the business initiative. Available TA services are eligible for provision only to enterprises who have won RBF and/or CG and who have requested support to develop business models, products, plans and/or operational strategies and capacity to either enter the Mozambican market or scale their existing activities within it. TA supports will come in the form of a support package of advisory services via the MDF. TA requests do not form any portion of MDF financial bid or application budgets, and will be procured by BRILHO. Delivery of TA advisory services will take place in a phased manner through embedded programme staff and BRILHO's pool of short-term experts including international and local BDS providers, who will provide regular coaching and support, tailored to the needs of each market segment and technology area.

Businesses wishing to access TA supports of BRILHO will identify general areas of Technical Assistance needs in their initial Expression of Interest to BRILHO's MDF. Businesses who have placed successful EoI applications will then outline more specific areas of TA support during their elaboration of their business initiative in the Full Proposal.

The finalization of specific TA supports will be mutually agreed between BRILHO and businesses with successful full proposal during Due Diligence and Contracting stage. Should further TA supports be identified, additional packages might be prepared, reviewed, and approved as deemed needed by BRILHO.

1.4. Financing Thresholds & Scenarios

BRILHO's MDF support is offered to provide a tailored selection of combined support mechanisms (CG, RBF and/or TA) for businesses under provision as outlined in the following table. RBF will be required in all cases, except for GMG initiatives in this call.

Table 2 MDF Eligible Options

Financing Thresholds	Instrument	CG	RBF	RBF + CG	TA
	Min. Value	£50,000			
	Max. Value	£750,000	£1,500,000	£1,500,000	
Eligible Technologies	Solar Home Systems	X	✓	✓	✓
	Improved Cooking Solutions	X	✓	✓	✓
	Green Mini-Grids	✓	X	X	✓
Co-Investment Requirements	Ratio £ MDF: £ Business	1:1	1:3	RBF 1:3 CG 1:1	NA

Businesses may apply for BRILHO's MDF financial request for a single technology option or multiple technology options. Table 3 below provides scenarios of eligible (✓) and ineligible (X) combinations of MDF financial supports relative to thresholds outlined above.

Table 3 MDF Financial Eligibility Scenarios

Scenario	MDF Financial request (GBP)			Technology Focus		
	CG	RBF	TOTAL	SHS	ICS	GMG
1	750,000	750,000	1,500,000	✓	✓	X

2	750,000	-	750,000	X	X	✓
3	250,000	1,000,000	1,250,000	✓	✓	X
4	1,000,000	250,000	1,250,000	X	X	X
5	500,000	1,500,000	2,000,000	X	X	X
6	-	1,500,000	1,500,000	✓	✓	X

2. MDF Admissions

1.5. Eligibility criteria

Eligible applicants to BRILHO's MDF can include any manufacturers, import-suppliers, distributors, retailers, installers and/or operators of quality assured energy technologies as outlined in Annex 1 and 2. Applicants must be able to legally operate in Mozambique. Applicants (Businesses) may include:

- Private companies,
- Social enterprises: Including associations, cooperatives, NGOs or similar that operate a venture to generate profits, which are reinvested internally),
- Partnerships and joint ventures between local and/or international companies and/or social enterprises that carry out activities co-operatively with aims to commercialise eligible energy technologies.

Both individual businesses and partnerships that consist of a combination of these businesses are eligible to apply to the MDF.

Parties meeting the above conditions who are further interested to apply to the MDF for financial support must also evidence the following minimum criteria for applications to be considered accepted for assessment and evaluation:

- Legally registered in Mozambique (or aiming to do so before the first disbursement takes place);
- The application is relevant to at least one of the BRILHO eligible technologies;
- Proposed GMG Business initiatives are focused on the Prioritized Postos Administrativos (PPA) or the 30 sites with pre-feasibility studies as described under Annex 4;
- Demonstrated capacity of the business to deliver mentioned products and services in Mozambique, with adherence to processes and procedures outlined by BRILHO (incl. quality standards, capacity to track sales and report these);
- The products proposed adhere to the quality standards specified by BRILHO and have (or will have) unique identifiers (bar code / serial number);
- Co-investment: for the Catalytic Grants, the applicant secures a co-investment of at least an equal value to the catalytic grant financing required, including in-kind and/or cash contributions. For RBF, an average leverage of 1:3 is expected. Financial leverage will be one of the factors on which applications will be competitively evaluated;
- The applicant and partner(s) related to the proposed business idea are not involved in arms and gambling industries; involved in environmental or human rights abuses or corruption, as will be validated during due diligence.

1.6. Assessment criteria

Applications submitted by eligible applicants will be assessed in consideration of the following criteria, to determine the merits for the MDF financial and/or technical support:

- Potential number of beneficiaries with energy access solutions;
- Potential number of businesses benefited with productive and commercial applications of the energy solutions;
- The cost effectiveness of the investment: level of private sector co-investment leveraged per each £1 invested by BRILHO's MDF, and the number of beneficiaries reached per £1 funded by the programme;
- Energy service level according to the tier levels described in Annex 1 and 2;
- Potential viability: market, commercial, financial and technical;
- Applicant's capability and profile: Applicant's background, financial health, relevant experience, systems in place and business management and operational capacities. The suitability of the proposed team and its technical, professional and managerial skills and its potential cohesion. The participation and leadership of women within the decision-making levels of the business;
- Approach towards gender equality and women's economic empowerment;
- After sales services and warranty coverage;
- Sustainability and scale-up potential;
- Additionality: BRILHO funding should not replace other existing commercial funding alternatives for implementing the proposed intervention, and/or duplicate the support provided by other grant-based financing development programmes;
- Environmental impact: Approach to reduce the consumption of natural resources, limit green gas emissions, minimize and reuse waste, and protect and restore ecosystems;
- The innovation in the business initiative. Innovation can be at the level of technology as well as business model;
- Other risk factors: political, security, partnerships, amongst others. Those will be part of the risk assessment which will be performed for each business during the due diligence process.

1.7. Application process and timeline

Eligible applicants may request MDF support organized around two (2) main submission steps with main intentions outlined below:

- i. Expression of Interest (EoI)
 - a. Establish compliance to conditions of eligibility of the applicant and quality assurance of products proposed;
 - b. Identify the main business initiative of applicants and capacity to deliver;
 - c. Determine the RBF bid of applicant and/or overview CG budget needs.
- ii. Full Proposal (FP)
 - a. Confirm Bid Budget values;
 - b. Detail CG budgets and milestone allocations-indicators;
 - c. Specify the business model and strategy (for applications requesting Catalytic Grants);
 - d. Establish Work and Results Plan for the business initiative.

All applications received will undergo assessment and evaluation in clear stages that successively enable applicants to build a robust business initiative for final submission to the MDF.

The applications will be processed on a first-come, first-served basis; therefore, applicants that are ready can submit their Expressions of Interest (EoI) as soon as they can, and those that need more preparation can take additional time, but in no case EoIs will be allowed for submission later than the indicated closing date.

In terms of duration of the overall process, an applicant should expect an average 16-20 weeks process from the time of EoI submission until contract signing. For applicants requesting RBF support only, the duration of the process will be shorter.

The process and information to be required will vary by technology and type of financial support required (the bid). In order to guarantee fairness and best results, all parties involved in the application process will have the same level and same type of access to information; the selection will be conducted through a competitive process.

The following table provides further details and timelines of the application process:

Table 4 MDF Application Overview

Application Stage	Description	Requirements	Timeline
Call for Proposals (CFP)	BRILHO's MDF will publicly announce opening of its application window via a combination of (inter)national press releases (print, radio, TV, online) paired with public events.	-	From February 12 th , 2020
Application guidance	The online application portal (www.BrilhMoz.com/how-to-apply) will contain the MDF Guideline for Applicants along with all necessary forms and templates required for composing an Expression of Interest that initiates an active MDF application. BRILHO will deliver guidance to businesses as needed to complete the EoI. This will include brainstorming and clarification sessions. For those outside Mozambique, communication through virtual channels will be available.	Completed Online Registration	On-going until May 28 th , 2020 (Every Friday morning; scheduling is required)
Expression of Interest Submission	EoI applications must be submitted via the MDF application portal at www.BrilhMoz.com/sign-in	EoI Narrative MDF Bid Budget <i>-RBF Bid (SHS & ICS only)</i> <i>-CG Budget Estimate (if applicable)</i> <i>-Co-Investment Budget Overview</i> Eligibility Evidence <i>-Applicant</i> <i>-Products</i>	Anytime from February 12 th until May 29 th , 2020 (23:59 Maputo Time) GMT +2
Shortlisting	When the EoIs are received, they will be reviewed and evaluated. BRILHO might seek additional information or conduct fact-finding visits to some applicants as deemed needed. Short listed businesses will be invited to develop and submit a full proposal, and when needed will include specific feedback and requests for adjustments on proposed MDF financial support and targets. Non shortlisted applications can re-apply within the same or next round with an improved or a different proposal.	Completed EoI Pass Applicant and Product Eligibility Successful Financial Bid Budget Successful BRILHO Business Initiative Description	On-going
Guidance for Full Proposal Development	The guidance for full proposal development will be inclusive of a bootcamp training and followed by coaching/guiding sessions on demand. Businesses that are able to prepare their Full Proposals without further training, and particularly those that will apply for RBF only, can opt to proceed with submission of their Full Proposals in order to fast-track the final evaluation and contracting process.	EoI shortlisted	Continuously from March to June 2020

Application Stage	Description	Requirements	Timeline
Submission of Full Proposals	The shortlisted applicants will finalise and submit their Full Proposals to the MDF within six weeks of their notification of shortlisting. All final Full Proposals must be submitted via the MDF application portal at: www.BrilhoMoz.com/sign-in	All Applicants Workplan Risk register CG Only Detailed Narrative Description Detailed Milestone Budget	Continuously from March – August 2020
Due Diligence	Due diligence ⁷ will be carried out on all short-listed applicants that have submitted a Full Proposal and is a pre-condition for contracting.	Mandatory pass to proceed to final evaluation	Continuously from April – September 2020
Evaluation, Scoring and Selection	The independent BRILHO Investment Committee will review submitted proposals together with the due diligence reports and select the best Business Initiatives for MDF support. Successful applicants will be notified that they have been awarded MDF financing and will proceed to contracting. Unsuccessful applicants will be notified that their application has not been approved for MDF financing.	Complete EoI and Full Proposal Application Package Due Diligence Pass	Continuously from May – September 2020
Contract Negotiation and Signing	Successful applicants will be invited to enter into contract negotiations. Milestones related to disbursements for Catalytic Grants and terms for RBF support will be agreed upon. The contract to be signed with the selected businesses will have an average duration for implementation of two years. The contract will be terminated at the end of the defined duration or once the maximum amount of funding agreed has been reached. Contract extensions might be considered, subject to performance and funds availability.	Approved EoI and Full Proposal CG Only Dedicated bank account for BRILHO MDF funds ⁸	Continuously from May 2020 – October 2020

BRILHO will undertake all necessary steps to ensure that information provided by the applicants is kept strictly confidential and will be used for screening and evaluation purposes only.

BRILHO secures a transparent evaluation and selection process by working with a multi-player independent appraisal process, so that non-single person can influence the process and/or the outcome in any way. Applicants can contact directly to the BRILHO Team Leader at jayala@snv.org or UKaid's Whistleblower platform to denounce any corruption practice or case.

1.8. General instructions for application submission

Applicants will be required to submit applications through BRILHO's online platform: SmartME. Other modes of submission will not be accepted, including email, hard or soft copies, etc.

In order to submit an online application for MDF Financing the applicant must:

⁷ MDF team will evaluate the applicants' technical, financial and legal systems. In case the business is a start-up, the team will evaluate the applicants' previous track record. It will include a visit to the main office of the business, and potentially also a field visit.

⁸ Businesses receiving catalytic grants (advance or reimbursement) will be required to have separate bank accounts for BRILHO funding to be tracked in detail. In case any interest is generated on advance funding in these accounts, this will be utilised for the business initiative implementation or returned to BRILHO if not used.

1. Create a registered account on the SmartME platform by visiting the BRILHO website at the following address: <https://brilhomoz.com/how-to-apply>

Figure 2 Registration form

2. Login to the SmartME platform with the registration details (email, password) to activate the registered account. First time logins will be facilitated by an email prompt directly to the registration email as entered by the applicant. Subsequent logins can be made directly at the following web address: <https://brilhomoz.com/sign-in>

Figure 3 Login Form

Successful registered users will upon login be prompted to all necessary application forms and templates. Completion of the application can be done directly on the SmartME platform over multiple sittings by applicant during the composition of their application. The BRILHO SmartME platform does support draft save of applications before final application submission. Applicants must confirm adherence to BRILHO terms and conditions before final submission of applications.

All forms and instruction in SmartME are provided in both Portuguese and English. SmartME is EU General Data Protection Regulation (GDPR) compliant.

Further inquiries related to BRILHO MDF applications, may be sent via email to:

support@BrilhoMoz.com

Further information regarding the BRILHO programme can be accessed at:

www.BrilhoMoz.com

3. Annexes

Annex 1. Product Eligibility: Electrification

All eligible products for BRILHO MDF providing electrification based energy services (Solar Home Systems and Green Mini-Grids) are classified according to guidance from SEforAll’s Multi-Tier Framework (MTF)⁹. Determination of MTF levels is based upon Energy Service Level (ESL) for electrification (products-service-connections) for Peak Capacity as expressed in Watt Hours (Wh). Watt hour calculations are to be based on evidenced product performance in terms of the power output (Watt) and duration (day-night operational hours). Product performance must be evidenced by independent lab test results. Tier classification of products are the basis for RBF ESL Bonuses as described in Section 2.2. An outline of Energy Service and Quality Assurance conditions for eligible electrification products is outline in the following table.

Table 5 Energy Service Level Quality Assurance: Electrification (SHS & GMG)

MTF Classification		Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
Energy Service Level	Peak Capacity (Wh)	≥12 Wh Min 1,000 Lumen Hours	≥200 Wh	≥1,000 Wh (1kWh)	≥3,400 Wh (3.4kWh)	≥8,200 Wh (8.2 kWh)
	Indicative Wattage	3W - 50W	50W - 200W	200W - 800W	800W – 2,000W (2 kW)	≥ 2kW
	Indicative Duration	≥4hrs/day + ≥1hr/evening	≥4hrs/day + ≥2hrs/evening	≥8hrs/day + ≥3hrs/evening	≥16hrs/day + ≥4hr/evening	≥23hrs/day + ≥4hr/evening
	Appliance Characteristics	Multi Light Point, Phone Charger/Radio	Tier 1 + Fan, TV, optional small power appliances	Tier 2 + medium powered appliances	Tier 3 + high powered appliances	Tier 4 + very high- powered appliances
Quality Assurance	Solar Home Systems	All solar products supported by BRILHO must adhere to international quality standards (Lighting Global or equivalent), as evaluated based on results from laboratory testing at an approved, third-party test centre, according to the Quality Test Method (QTM) as defined by the corresponding IEC testing protocol (IEC/TS 62257-9-5): https://www.lightingglobal.org/quality-assurance-program/ . For each product indicated above, please attach the supporting documents as available related to catalogues and certified testing documentation. If such information is actively available online, web links are acceptable.				
	Green Mini Grids	All GMGs supported by BRILHO will be assessed on a case-by-case basis using the international Quality Assurance Framework for Mini-Grids as established by the US Department of Energy National Renewable Energy Laboratory (NREL): https://www.nrel.gov/docs/fy17osti/67374.pdf . If NREL QA Framework documentation for any site indicated above has been already prepared by independent and/or certified agents, please attach the supporting documents along with your final application package. If such information is actively available online, web links are acceptable.				

⁹ For details, see <https://www.esmap.org/node/55526>

Annex 2. Product Eligibility: Improved Cooking Solutions

All eligible products for BRILHO MDF providing improved cooking solutions are classified according to guidance from SEforAll’s Multi-Tier Framework (MTF)¹⁰, Clean Cooking Alliance in conjunction with SNV’s Standard Operating Procedures (SOP) for Clean and Improved Cooking Interventions.

Determination of MTF levels is based upon an Energy Service Level (ESL) logic driven by minimum fuel efficiency improvements over intended cooking technologies to be replaced, as well as stove type definitions. Product performance must be evidenced by independent lab test results. BRILHO strives to have as much of this testing done by local, certified testing institutes, but otherwise will accept testing reports from acknowledged international testing institutes. Water Boiling Test (WBT) conducted in a certified lab will be accepted for initial evidence of fuel saving/thermal efficiency. Successful applicants must within one year of contracting further provide documentation of emissions data from a certified testing centre. Cooking specific TA packages will be considered in BRILHO to build local capacity on Controlled Cooking Tests (CCT) and Field Tests, using recognised testing protocols as published by the Clean Cooking Alliance. In case this testing has been done already by reliable partners within or outside Mozambique, the outcomes will be accepted by BRILHO as long as testing standards and procedures have been duly applied.

Tier classification of products are the basis for RBF ESL Bonuses as described in Section 2.2. An outline of Energy Service and Quality Assurance conditions for eligible cooking products is outlined in the following table.

Table 6 Energy Service Level Quality Assurance: Improved Cooking Solutions

	Multi-Tier Framework (MTF) Classification	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
	Stove Type	Simple Improved Cookstoves	Intermediate Cookstoves	Advanced Cookstoves	Non-Biomass stoves	
Energy Service Level	Fuel Type	Wood, charcoal	Wood, charcoal, pellets, briquettes and sustainable charcoal		Biogas / LPG / Ethanol	
	Stove Characteristics	Typically enclosed and with some improvement to combustion	Use improved combustion chambers (e.g. rocket stoves, highly improved charcoal stoves, natural draft gasifier)	Use forced ventilation with or without secondary combustion for gasification (e.g. fan-assisted, biomass stoves, forced draft gasifiers) *		
	Performance Criteria	Fuel savings ≥40% compared to traditional local stoves (three stones and metal sheet stove)				
Quality Assurance	Stove Testing Requirements	All improved cooking products supported by BRILHO must adhere to international quality and performance standards (Clean Cooking Alliance or equivalent), as evaluated based by independent laboratories/using internationally approved testing methodologies related to fuel use efficiency, emissions, and safety: https://www.cleancookingalliance.org/technology-and-fuels/standards/index.html . For each product indicated above, please attach the supporting documents as available related to catalogues and certified testing documentation. If such information is actively available online, web links are acceptable.				

*Stoves fitted with fans require low-wattage electric power and batteries permit

¹⁰ For details, see <https://www.esmap.org/node/55526>

Annex 3. Underserved Area Bonus: Vulnerability Access Index (VAI)

To stimulate engagement of businesses in challenging and underserved localities in Mozambique, BRILHO aims to reward businesses with higher incentives for products sold in those areas. Using official public data on socio-economic characteristics and market infrastructure conditions of different provinces in Mozambique, a Vulnerability Access Index (VAI) was developed. The VAI ranks and scores provinces on socio-economic risk factors and infrastructural conditions, as a basis to establish a geographic differentiation in incentive levels. Data used include population density, GDP contribution ratio, gender equality, and poverty rate, as well as information on paved road density, distance of the province capital to the nearest port, and the electrification rate per province. At its core, the calculation of the VAI is based on harmonising both socio-economic risks and market infrastructure factors that have been expressed by businesses as directly influencing their decision making in market investments.

Table 7 VAI Calculation Framework

Socio-Economic Risk (SER) Factors	<i>Population</i>	<i>Population density</i>	Vulnerability	<i>Sum total of all average SER factor categories</i>	VAI Level
	<i>Economy</i>	<i>Ration GDP contribution</i>			
	<i>Gender</i>	<i>Female enrolment trend</i>			
	<i>Poverty</i>	<i>% population living below official poverty line</i>			
Market Infrastructure (MI) Factors	<i>Accessibility</i>	<i>Paved roads density</i>	Access	<i>Sum total of all average MI factor categories</i>	
	<i>Remoteness</i>	<i>Distance from provincial capitals to nearest port</i>			
	<i>Electrification</i>	<i>% population with access to electricity</i>			

Application of the framework above has distinguished four (4) VAI Levels in provincial level markets of Mozambique. These have been integrated to the RBF incentive valuation methodology (section 2.2) to ensure that incentive values are highest in provinces with the greatest level of socio-economic vulnerability and the lowest level of market infrastructure. Conversely, regions with the lowest VAI scores (low socio-economic vulnerability and more developed market infrastructure) will receive the lowest incentive values. Taken as a whole, the VAI can further provide a discreet roadmap to broad market context for use by current and incoming businesses to the MDF.

Within these provincial market clusters, a fifth (5) VAI rank accommodating high priority sub-provincial market cluster has been identified in conjunction with FUNAE; these Postos Administrativos are expected to be electrified with GMG or GMG combined with SHS.

The following table summarizes the classification by the VAI levels:

Table 8 VAI Levels: Ranking in Mozambique

VAI 1	<i>Maputo Cidade & Provincial</i>
VAI 2	<i>Gaza, Nampula</i>
VAI 3	<i>Manica, Inhambane, Tete, Sofala, Cabo Delgado</i>
VAI 4	<i>Zambezia, Niassa</i>
VAI 5	<i>PPA: Priority Postos Administrativos</i>

VAI levels applied to market localities are directly related to Underserved Areas Bonus values and will be awarded per unit sale verified as delivered at rates as per the RBF incentive schedule (Section 2.2). A map visualizing the specific locality of VAI markets is outlined as follows.

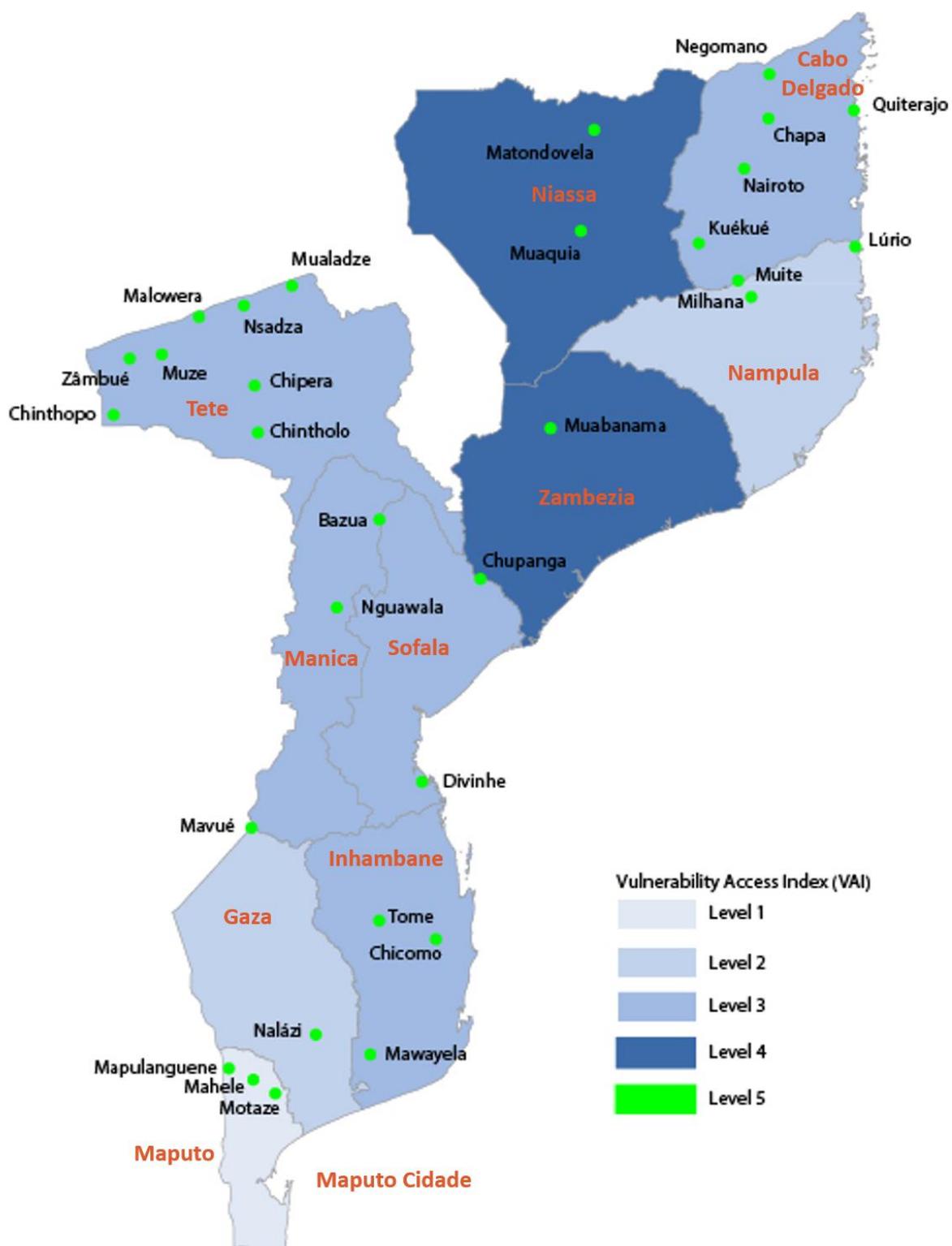


Figure 4 Map of Vulnerability Access Index (VAI)

The Priority *Postos Administrativos* (PPA) along with basic market characteristics are listed in the table below.

Table 9 Priority Postos Administrativos (PPA)

Nº	Province	District	Posto Administrativo	Geographic Coordinates	Population	Nº of Estimated Connections
1	Cabo Delgado	Mueda	Chapa	11°53'17.0"S 39°18'25.4"E	4,925	985
2	Cabo Delgado	Montepuez	Nairoto	12°33'08.0"S 39°00'10.3"E	5,888	1,178
3	Cabo Delgado	Balama	Kuekue	13°32'51.7"S 38°25'16.6"E	32,181	6,436
4	Cabo Delgado	Macomia	Quitarejó	11°45'04.5"S 40°25'50.7"E	7,171	1,434
5	Cabo Delgado	Mueda	Negomano	11°25'42.6"S 38°29'42.4"E	3,718	744
6	Gaza	Massangena	Mavue	21°19'10.9"S 32°25'14.0"E	3,112	622
7	Gaza	Guijá	Nalazi	24°02'58.5"S 33°19'40.7"E	7,494	1,499
8	Inhambane	Funhalouro	Tome	22°32'26.9"S 34°12'46.1"E	9,628	1,926
9	Inhambane	Panda	Mawayela	24°21'24.5"S 34°06'41.8"E	3,911	782
10	Inhambane	Massinga	Chicomo	22°46'31.1"S 35°01'09.8"E	11,766	2,353
11	Manica	Tambara	Bazua	17°14'54.1"S 34°10'41.1"E	4,007	801
12	Manica	Macossa	Nguawala	18°24'45.5"S 33°36'11.6"E	1,765	353
13	Maputo	Magude	Motaze	24°47'51.4"S 32°51'42.0"E	5,214	1,043
14	Maputo	Magude	Mapulanguene	24°29'24.3"S 32°05'10.4"E	1,062	212
15	Maputo	Magude	Mahele	24°38'25.1"S 32°26'02.9"E	1,435	287
16	Nampula	Mecuburi	Muite	14°01'25.4"S 39°01'59.7"E	16,100	3,220
17	Nampula	Mecuburi	Milhana	14°09'28.2"S 39°11'13.4"E	13,615	2,723
18	Nampula	Memba	Lúrio	13°32'09.3"S 40°30'13.0"E	24,582	4,916
19	Niassa	Mecula	Matondovela	12°04'48.4"S 37°00'09.1"E	1,266	253
20	Niassa	Majune	Muaquia	13°24'43.5"S 36°50'50.6"E	3,118	624
21	Sofala	Marromeu	Chupanga	18°01'11.0"S 35°33'51.7"E	5,020	1,004
22	Sofala	Machanga	Divinhe	20°42'11.0"S 34°47'33.6"E	7,767	1,553
23	Tete	Zumbo	Muze	15°03'56.6"S 31°14'17.4"E	20,446	4,089
24	Tete	Cahora-Bassa	Chintolo	16°06'20.4"S 32°31'38.3"E	2,545	509
25	Tete	Zumbo	Zâmbué	15°06'55.0"S 30°48'15.8"E	10,522	2,104
26	Tete	Marrávia	Malowera	14°34'29.1"S 31°44'18.4"E	21,078	4,216
27	Tete	Chifunde	N 'sadzu	14°25'34.5"S 32°20'38.7"E	18,300	3,660
28	Tete	Marrávia	Chipera	15°28'55.0"S 32°28'54.7"E	3,856	771
29	Tete	Chifunde	Mwaladze	14°09'59.6"S 32°59'12.4"E	30,987	6,197
30	Tete	Mágoe	Chinthopo	15°51'22.5"S 30°34'36.2"E	6,216	1,243
31	Zambézia	Lugela	Muabanama	16°01'12.3"S 36°28'59.1"E	18,588	3,718

Annex 4. 30 Sites with Pre-Feasibility Studies

Table 10 . 30 Site with Pre-Feasibility Studies

Nº	Province	District	Posto Administrativo	Locality	Community	Geographic Coordinates	PV Estimated Capacity (kW)	Nº of Estimated Connections
1	Cabo Delgado	Montepuez	Mirate	Lusaka	Lusaka	12°58'12.00"S 38°48'02.0"E	35	95
2	Cabo Delgado	Montepuez	Mapululo	Mputo	Mputo	13°20'51.77"S 38°51'0.46"E	180	355
3	Cabo Delgado	Namuno	Machoca	Phomé	Phomé	13°52'30.56"S 38°52'3.28"E	85	233
4	Cabo Delgado	Balama	Balama - Sede	Murripa	Murripa	11°24'29.49"S 39°33'39.84"E	120	250
5	Cabo Delgado	Namuno	Namuno-Sede	Meculane	Meculane	13°51'48.37"S 38°45'46.54"E	20	131
6	Cabo Delgado	Namuno	Machoca	Machoca-Sede	Machoca	13°57'30.97"S 38°48'27.91"E	170	358
7	Cabo Delgado	Namuno	Namuno-Sede	Matamataua	Matavatava	13°48'32.45"S 38°46'41.00"E	115	309
8	Niassa	Mavago	Mavago-sede	Mavago-sede	Nsacalange	13°31'6.581"S 37°53'18.56"E	75	174
9	Niassa	Majune	Nairubi	Nambilange	Nambilange-Sede	13°42'59.38"S 35°54'20.37"E	25	141
10	Niassa	Ngauma	Massangulo	Chissimbir	Cambuzi	14°02'55.86"S 35°24'36.61"E	20	46
11	Niassa	Maua	Maúa-sede	Mugoma	Xapalango	13°43'47.06"S 37°07'31.19"E	40	64
12	Niassa	Mavago	Msawize	Msawize	Namacambale	12°29'6.968"S 36°6'39.268"E	22	63
13	Niassa	Sanga	Macaloge	Lumbiza	Capunda	12°30'18.63"S 35°26'02.42"E	60	150
14	Niassa	Sanga	II Congresso	Nova Madeira	Nova Madeira	12°07'16.99"S 35°28' 13.83"E	45	131
15	Niassa	Muembe	Chiconono	Lutuasse	Lugueze	13°07'11.61"S 35°28'21.16"E	38	72
16	Nampula	Angoche	Aube	Marcacao	Marcacao	16°12'23.5"S 39°37'48.2"E	115	231
17	Nampula	Angoche	Mucuali	Najaca	Ivade	16°15'02.8"S 39°33'45.7"E	125	213
18	Nampula	Malema	Malema-Sede	Murralelo	Murralelo	15°01'55.9"S 37°30'57.5"E	65	122
19	Manica	Bárué	Catandica	Chiuala/Honde	Phanze	18°19'52.13"S 33°6'53.86"E	60	122
20	Manica	Guro	Mungari	Mungari	Sede	17°10'1.62"S 33°33'5.59"E	55	136
21	Manica	Tambara	Nhacafula	Nhacafula	Sede	16°52'42.57"S 34°5'4.16"E	65	131

22	Manica	Macossa	Nhamangua	Sede	Sede	17°50'32.65"S 33°27'23.59"E	70	136
23	Manica	Vanduzi	Vanduzi	Púngue Sul	Sede	18°33'27.38"S 33°16'47.48"E	110	176
24	Manica	Manica	Mavonde	Mavonde	Mavonde	18°37'27.0"S 33°2'13.0"E	65	117
25	Tete	Macanga	Namadende	Namadende	Namadende	14°37'31.44"S 33°33'22.14"E	135	123
26	Tete	Chiúta	Cazula	Sede	Sede	15°23'58.3"S 33°37'55.1"E	95	69
27	Tete	Mutarara	Nhamayabue		Bawe	15°11'49.5"S 33°38'27.3"E	135	207
28	Tete	Chifunde	Vila Mualdzi	Ngomo	Ngomo	15°11'49.5"S 33°38'27.3"E	130	75
29	Tete	Chifunde	Vila Mualdzi	Muluma	Muluma	14°09'29.2"S 33°15'36.9"E	55	135
30	Tete	Macanga	Tchon - tchon	Tchon - tchon	sede	14°56'07.0"S 33°55'19.1"E	95	95

The pre-feasibility reports will be made available to short-listed business initiatives.

Annex 5. Sales Reporting

Result Based Financing (RBF) payments will be based on verified sales of eligible products. Upon signing of the BRILHO MDF Contract by the company, end consumer sales reports (RBF claims) will be accepted on scheduled claim submission windows at two month intervals, with a minimum acceptable number of sales of 250 units. The RBF claim may be inclusive of any qualified and documented sales to off-grid consumers that have occurred no more than six (6) months before the date on which the RBF claim is submitted, including sales that occurred previous to contract signing. The RBF claim submitted by the company must contain, at minimum, the following information:

Table 11 RBF Sales Claim Reporting Requirements

Supplier Level	Retailer-Agent Level	Customer Level
<i>Supplier Contact</i> -Name, Phone Number	<i>Retailer Contact</i> -Name, Phone Number	<i>Customer Contact</i> - Name, Phone Number*
<i>Supplier Location</i> -District, City/Town	<i>Retailer Location</i> -District, Ward, Village/Town	<i>Customer Location</i> -District, Ward, Village/Town
<i>Total Product Sales Claimed</i> -Claim Period -#Units & Type, Wholesale-Retail Price	<i>Total Products Sold</i> -Sales Period -#Units & Type, Wholesale- Retail Price	<i>Product Purchased</i> -Date of Purchase -# Units & Type, Price*

*When possible to collect and willingly provided by consumers



*Impulsionamos empresas
Iluminamos vidas*