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**THIS ACTION IS FUNDED BY THE EUROPEAN UNION**

**ANNEX 1**

to the Commission Implementing Decision on the financing of the multiannual action plan in favour of the Republic of Mozambique for 2024-2025

**Action Document for Green Energy for Mozambique**

**MULTIANNUAL ACTION PLAN**

This document constitutes the multiannual work programme within the meaning of Article 110(2) of the Financial Regulation, within the meaning of Article 23 of the NDICI-Global Europe Regulation.

## 1 SYNOPSIS

### 1.1 Action Summary Table

<b>1. Title CRIS/OPSYS business reference Basic Act</b>	Green Energy for Mozambique OPSYS number: ACT-62476 Financed under the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe)
<b>2. Team Europe Initiative</b>	Yes Green Deal for Mozambique
<b>3. Zone benefiting from the action</b>	The action shall be carried out in Mozambique
<b>4. Programming document</b>	Multi-annual Indicative Programme (MIP) for the Republic of Mozambique for 2021-2027
<b>5. Link with relevant MIP(s) objectives / expected results</b>	The proposed action intends to contribute to MIP Priority area 1 ‘Growing Green’, more specifically to: <u>Specific Objective 3</u> : Mozambique increases its low-carbon, climate-resilient and sustainable infrastructure Expected results: <ul style="list-style-type: none"><li>• Decarbonised energy mix.</li><li>• Enhanced access to on-grid and off-grid renewable energy.</li><li>• Improved energy efficiency of the electricity network.</li></ul>
<b>PRIORITY AREAS AND SECTOR INFORMATION</b>	
<b>6. Priority Area, sectors</b>	Priority area 1 ‘Growing green’ Sector 232 Energy generation, renewable sources
<b>7. Sustainable Development Goals (SDGs)</b>	Main SDG: 7 (Ensure access to affordable, reliable, sustainable and modern energy for all). Other significant SDGs: 13 (Take urgent action to combat climate change and its impacts), 9 (Build resilient infrastructure, promote inclusive and sustainable

	industrialisation and foster innovation) and 5 (Achieve gender equality and empower all women and girls)			
<b>8 a) DAC code(s)</b>	231 – Energy Policy – 20% 23110 - Energy policy and administrative management 232 – Energy generation, renewable sources – 30 % 23210 – Energy generation, renewable sources – multiple technologies 236 – Heating, cooling and energy distribution – 50 % 23630 – Electric Power Transmission and Distribution			
<b>8 b) Main Delivery Channel</b>	13000 Third Country Government - Delegated co-operation 42004 European Union Institution (EU) – European Investment Bank			
<b>9. Targets</b>	<input type="checkbox"/> Migration <input checked="" type="checkbox"/> Climate <input type="checkbox"/> Social inclusion and Human Development <input checked="" type="checkbox"/> Gender <input type="checkbox"/> Biodiversity <input type="checkbox"/> Education <input type="checkbox"/> Human Rights, Democracy and Governance			
<b>10. Markers (from DAC form)</b>	<b>General policy objective @</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Participation development/good governance	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	<b>Policy objectives</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Principal objective</b>
	Digitalisation @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>11. Internal markers and Tags:</b>	digital connectivity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
	digital governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital entrepreneurship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

	digital skills/literacy	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Connectivity @	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	digital connectivity	YES	NO	
	energy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	transport	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	health	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	education and research	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
	Migration @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities1 @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### BUDGET INFORMATION

<b>12. Amounts concerned</b>	<p>Budget line: 14.020122</p> <p>Total estimated cost: EUR 68 000 000</p> <p>Total amount of EU budget contribution EUR 50 000 000</p> <p>The contribution is for an amount of EUR 30 000 000 from the general budget of the European Union for N and for an amount of EUR 20 000 000 from the general budget of the European Union for N+1, subject to the availability of appropriations for the respective financial years following the adoption of the relevant annual budget, or as provided for in the system of provisional twelfths</p> <p>This action is co-financed in joint co-financing by:</p> <ul style="list-style-type: none"> <li>- Swedish International Development Cooperation Agency (SIDA) for an amount of EUR 15 000 000</li> <li>- Germany through the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) for an amount of EUR 3 000 000</li> </ul> <p>This action is co-financed in parallel co-financing by:</p> <ul style="list-style-type: none"> <li>- France through Agence Française de Développement (AFD) for an amount of EUR 40 000 000</li> <li>- Swedish International Development Cooperation Agency (SIDA) for an amount of EUR 50 000 000</li> <li>- Germany through KfW Development Bank KfW for an amount of EUR 38 000 000</li> <li>- Norway (Norwegian Embassy) for an amount of EUR 15 000 000</li> <li>- European Investment Bank (EIB) for an amount of EUR 147 000 000</li> </ul> <p>The Action contributes to the Team Europe Initiative (TEI) Green Deal for Mozambique supported by AT, BE, DE, ES, FR, IE, IT, NL, PT, SE and the European Investment Bank for a total indicative amount of EUR 1 433 000 000.</p>
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1 For more information, please consult: The European Commission inequality marker - Publications Office of the EU (europa.eu) and Inequality Marker – Complementary Guidelines Application of the I-Marker to SSC fiches and Action Documents | Capacity4dev (europa.eu)

## MANAGEMENT AND IMPLEMENTATION

<b>13. Type of financing<sup>2</sup></b>	<p><b>Indirect management</b> with the entities to be selected in accordance with the criteria set out in section <a href="#">4.4.1</a></p> <p>This <b>contribution to the Regional Blending Platform</b> shall be implemented in indirect management by the entities indicated in the annex to this Action Document, in accordance with the Regional Blending Platform's award procedure.</p> <p><b>Budgetary guarantees</b> as set out in section 4.4.3.</p>
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### 1.2 Summary of the Action

Mozambique's energy sector is critical for its development, yet access to modern energy remains limited, particularly in rural areas. Despite abundant energy resources, such as hydroelectric potential and natural gas reserves, only around half of the population has access to electricity while electricity accounts for 10 to 20% of primary use of energy and most of the population still rely on biomass.

Mozambique has made progress in expanding energy access, but significant disparities remain between provinces, the northern regions being particularly underserved. Cabo Delgado, Mozambique's northern province, grapples with a multifaceted crisis stemming from insurgent attacks since 2017, causing casualties and displacing over a million people. Severe damage to infrastructure, including the electrical network, exacerbates challenges in accessing essential needs like food, water, and healthcare. Restoring the grid is crucial for economic recovery, demanding infrastructure repair, upgrades, and resilience measures to address future disruptions.

The government aims for universal access by 2030, primarily through grid expansion and off-grid solutions like Solar Home Systems and mini-grids. The underdeveloped transmission and distribution grid limits access to electricity, highlighting the need for more investment, including sovereign debt funding, to reduce the infrastructure gap. The off-grid energy sector has seen rapid growth, supported by government regulations and Result-Based Financing programs. This has attracted new players and is expected to drive further innovation and expansion in renewable energy solutions. Regulatory gaps and the premature ending of grant support hinder sustainability. The need for a long-term electrification vision, planning, coordination, and strengthening of data generation and management are also high on the agendas of both the Ministry of Energy and the Regulator.

In 2023, Mozambique's energy landscape featured hydropower as the dominant source, comprising 77.2% of installed capacity, followed by gas at 15.6%. Other renewables, including solar and wind, constituted a mere 2.6% of grid-connected capacity, projected to rise to 10.7% by 2030. While renewables contributed 62% to electricity generation in 2022, the increasing use of gas for domestic purposes (37% today), alongside factors like Mozal's coal-fired plant consumption from South Africa, may lead to a rise in emissions, conflicting with emission reduction goals outlined in the Nationally Determined Contribution.

The Government presented to the COP28 its Energy Transition Strategy (ETS) to decouple energy sector growth from the country's emissions growth. The main objectives of the strategy are to 1) promote and accelerate universal access for national development; 2) position Mozambique as an energy hub for the Southern African region and help supply low carbon energy to the Southern African Development Community (SADC) mainly through hydro power plants and to 3) contribute to the energy transition globally in exporting its abundant gas resources. The strategy features 14 energy transition programmes covering the all spectrum of energy, out of which 8 high priority programmes.

The Action, whose planned duration is 72 months, aims at increasing production of electricity from renewable energy in the centre of the country (outcome 1), increasing and improving inclusive access to affordable, reliable, sustainable, and modern energy in Nampula and Inhambane Provinces (outcome 2), increasing, and improving inclusive access to affordable, reliable, sustainable, and modern energy for the most vulnerable women and youth,

<sup>2</sup> Art. 27 NDICI

to restore their economic opportunities in the province of Cabo Delgado (outcome 3) and improving the conditions for private investments in the Mozambican energy sector, especially in the off-grid market (outcome 4).

The Action will strengthen Mozambique's capacity to implement its just energy transition strategy (Impact) in directly contributing to 5 out of 8 Energy Transition Strategy's high level programmes on "hydroelectric power development", "expansion and improvement of the national electricity grid", "solar and wind development, "accelerating access to off-grid energy" and "mass dissemination of clean cooking".

The action is embedded in the Global Gateway Strategy and specifically in the Africa-EU Green Energy Initiative and will directly contribute to the SDG 7, 13, 9 and 5. It will have a significant impact on Gender equality and empowerment of women and girls and will contribute to address the development inequalities in the country and to reduce the infrastructure gap between the North and the South.

This Action will be an example of a strong Team Europe approach. Delegated cooperation, blending and European Fund for Sustainable Development Plus (EFSD+) guarantee will be the main modalities and with funds from the European Investment Bank (EIB), France, Germany, Sweden, and the EU.

The proposed Action intends to contribute to Priority Area 1 "Growing Green" of the MIP 2021-2027, in particular to its Specific Objective 3 "Mozambique increases its low-carbon, climate-resilient and sustainable infrastructure".

The action also will contribute to the fulfilment of the EU Gender Action Plan 2021-2025 GAP III<sup>3</sup>, in particular to its thematic area of engagement 'Addressing the challenges and harnessing the opportunities offered by the green transition and the digital transformation'. Likewise, it will contribute to the implementation of the EU Strategy on the Rights of Persons with Disabilities<sup>4</sup>, particularly on the commitment to supporting countries to improve accessibility of the environment and the EU's Action Plan on Human Rights and Democracy 2020-2024<sup>5</sup>.

### 1.3 Zone benefitting from the Action

The Action shall be carried out in Mozambique, country included in the list of ODA recipients.

## 2 RATIONALE

### 2.1 Context

Mozambique remains one of the least developed and most unequal countries in the world with a population of 33 million, an average age of 17 years and GDP per capita of USD 540 p.a. Mozambique ranks 118nd out of a total of 162 according to the UNDP Gender Inequality Index (2022). Of its population of 51% women, 72.2% live in rural areas and 24.1% are household heads<sup>6</sup>. The population of Mozambique is expected to double by 2050. Economic growth is expected to accelerate in the coming years largely driven by the Liquidified Natural Gas (LNG) sector. With Greenhouse Gas (GHG) emissions of 2,1 tonnes CO<sub>2</sub>eq per capita in 2021, less than one third of global levels, Mozambique accounts for 0.01% of CO<sub>2</sub> global emissions but is one of the most vulnerable countries to climate change<sup>7</sup>.

The energy sector in Mozambique plays a critical role in the country's economic development and social well-being. Mozambique is endowed with abundant energy resources, including significant hydroelectric potential, vast natural gas reserves, coal deposits, solar energy, and biomass resources. Despite these resources, access to modern energy services remains limited, particularly in rural areas. Mozambique's current energy system is dominated by primary energy<sup>8</sup>, largely biomass (wood and charcoal) for residential use. Electricity currently accounts for only

<sup>3</sup> [https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final\\_en.pdf](https://international-partnerships.ec.europa.eu/system/files/2021-01/join-2020-17-final_en.pdf)

<sup>4</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A52021DC0101>

<sup>5</sup> [https://eur-lex.europa.eu/resource.html?uri=cellar:e9112a36-6e95-11ea-b735-01aa75ed71a1.0002.02/DOC\\_4&format=PDF](https://eur-lex.europa.eu/resource.html?uri=cellar:e9112a36-6e95-11ea-b735-01aa75ed71a1.0002.02/DOC_4&format=PDF)  
<sup>6</sup> [Gender Inequality Index | Human Development Reports \(undp.org\)](#)

<sup>7</sup> Mozambique is ranked 154 out of 185 in the Notre Dame Global Adaptation Initiative (ND-GAIN) on vulnerability and readiness to climate change: 136 out of 185 for vulnerability and 173 out of 192 for readiness.

<sup>8</sup> Primary energy is the energy that's harvested directly from natural resources.

10-20 % of final energy consumption<sup>9</sup>. This reliance on biomass has adverse environmental, health, and socioeconomic impacts, including deforestation, indoor air pollution, and time poverty, particularly for women and children. The need to ensure clean cooking solutions is therefore high.

Significant progress has been made in the last decade in expanding access to energy, but still only 51.3% of the population (2023) has access to energy, of which 44,7% is guaranteed through on-grid electricity and the remaining 6,6% by off-grid systems. There are significant disparities between provinces: 22% as a minimum in Zambezia province to 99% in Maputo Province in 2022. The region that will benefit from this action are far below the average in 2022: 25% in Cabo Delgado, 37% in Nampula, 37% in Inhambane and 36% in Manica. According to the Off-grid Electrification Roadmap published by the Energy Fund (FUNAE, Portuguese acronym), the ambitious target of universal access to electricity by 2030 will be guaranteed mostly through the expansion of the national grid (68%), but off-grid solutions will also play a major role, namely 19% through Solar Home Systems (SHS) and 13% from mini-grids.

Access to electricity is also limited by the underdeveloped transmission and distribution grid. Mozambique needs a unified electricity grid to make sure that the whole country benefits from the internal sources of production like the *Hidroelectrica de Cahora Bassa* (HCB), which today exports 67% of its capacity. The interconnection of the southern, central and northern systems and the development of green transmission corridors is a priority for the Government to ensure universal access to low-carbon energy<sup>10</sup>.

The off-grid energy sector in Mozambique has experienced rapid growth, presenting new economic opportunities and driving expansion in renewable energy. The government's commitment to this sector was evidenced by the approval of Regulation for Off-Grid Energy Access - Decree 93/2021, along with complementary technical regulations between December 2021 and December 2022. These regulations underscore the importance of private sector involvement in off-grid energy development. Financial support for the off-grid sector operates on a Result Based Financing (RBF) model. These programmes have not only bolstered the capacity of existing operators but attracted new players to the Mozambican market. This trend is anticipated to continue, fostering further growth and innovation in the off-grid energy space in the coming years.

In 2023, Mozambique's total installed energy capacity was 2 841 MW, with hydropower dominating at 77.2% and gas at 15.6%. The country has been actively pursuing renewable energy sources since 2019, with only 2.6% of solar capacity connected to the grid, but a significant increase to at least 10.7% expected by 2030, including both solar and wind. Hydropower capacity is projected to rise to 4 542 MW, though its contribution to the energy mix is anticipated to decrease slightly to 70.3%. Gas capacity will also increase to 1 098 MW, making up 17% of the mix.

Renewables, mainly hydro, constituted 62% of Mozambique's electricity generation in 2022, with gas contributing 37%. Given the country's abundant gas reserves and government's inclination towards domestic gas usage, this trend is expected to persist. Mozal, a major consumer, relies on electricity from South Africa's coal-fired plants. Consequently, despite NDC goals aiming for a 76.5 Mt CO<sub>2</sub>eq reduction from 2020 to 2030, the energy sector is anticipated to witness increased emissions in the coming years.

In the face of this growing emission scenario, and with in mind the objective of universal access, the Government presented to the COP28 its Energy Transition Strategy (ETS) to decouple energy sector growth from the country's emissions growth. This strategy will guide the energy sector in the future.

The main objectives of the strategy are to 1) promote and accelerate universal access for national development; 2) position Mozambique as an energy hub for the Southern African region and help supply low carbon energy to SADC mainly through hydro power plants and to 3) contribute to the energy transition globally in exporting its abundant gas resources. The objectives are expected to be achieved through 4 pillars (see appendix 3).

<sup>9</sup> Source: Energy Transition Strategy - 2023

<sup>10</sup> This should be facilitated by the National Control Center (NCC) co-financed by the EU, Germany, Sweden and the African Development Bank and 2023 Global Gateway Flagship Project. The NCC will improve reliability and sustainability of the power supply nationwide in providing a proper tool for operation and dispatch.



Beneath these 4 strategic pillars, 14 energy transition programmes cover the all spectrum of energy, out of which 8 high priority programmes.

This new action will contribute to the ETS high level programmes on “hydroelectric power development”, “expansion and improvement of the national electricity grid” and “solar and wind development” which contribute to the pillar 1. It will also participate to the high level programmes on “accelerating access to off-grid energy” and “mass dissemination of clean cooking” which contribute to the pillar 3.

The EU has been one of the main partners in the energy sector in supporting the energy transition, especially promoting renewable energy solution versus fossil fuel option, in supporting the Mozambican emblematic programme “Energy for All” through grid existension and connection and in attracting the private sector investments in renewable energy generation (solar, wind and hydro) and renewable energy solutions for access, mainly off-grid.

The action is embedded in the Global Gateway Strategy and specifically in the Africa-EU Green Energy Initiative. It will reinforce the Team Europe Initiative (TEI) Green Deal for Mozambique, to engage in the transformational change necessary to contribute to the global fight against climate change and guarantee long term sustainability, supporting access to renewable energy in particular.

The action is also in line with the GAP III Country Level Implementation Plan (CLIP), in particular through the. “Growing Green”<sup>11</sup> priority.

## 2.2 Problem Analysis

### **Short problem analysis:**

Mozambique's energy sector faces challenges due to limited financial resources, including restricted access to local finance due to high collateral requirements and interest rates. Insufficient public investment and sovereign loans, alongside limited grant funding, have led to underdeveloped transmission and distribution networks, particularly in rural areas.

Reliance on private sector investment for generation projects, supported by public procurement or unsolicited bidding, has been insufficient. The Mavuzi and Chicamba hydropower plants were the last to undergo rehabilitation through sovereign loans provided by donors such as France and Germany, supplemented by grants from Sweden. Reintroducing concessional sovereign loans blended with grants to bridge the infrastructure gap in a sustainable way is part of this Action. This Action will mark the return of France and EIB with sovereign loans in the energy sector.

Projects like the Tsate Hydropower Plant (HPP), funded publicly and managed by EDM (Electricidade de Moçambique), alongside transmission lines such as Massinga-Vilanculos and Nampula-Angoche, aim to improve electricity access in remote areas. This initiative will benefit households, businesses, and social facilities, reducing reliance on fossil fuels for energy.

The energy divide is also gendered. Women are to a large extent responsible for household and community energy provision. Thus, without access to modern energy services, women and girls spend most of their day performing basic subsistence tasks, including time-consuming and physically draining tasks of collecting biomass fuels. This constrains them from accessing decent wage employment or other livelihood options, educational opportunities, and social and political interactions outside the household. At the same time, cooking with biomass is particularly detrimental to the health of women and children. Illnesses from indoor pollution result in more deaths of women and children annually than HIV/AIDS, malaria, tuberculosis and malnutrition combined. Other important direct gendered health impacts include chronic diseases such as asthma, burns, injuries and violence against women and girls when collecting fuel from remote areas or at night<sup>12</sup>.

<sup>11</sup> [CLIP Mozambique | Capacity4dev \(europa.eu\)](#)

<sup>12</sup> [Open.Enabel - Belgian Development Agency / Mainstreaming gender in the \(renewable\) energy sector in Mozambique](#)

Electricity from the newly installed capacity since 2015 has been much more expensive (between 3 and 5 times more) than electricity generated by HCB and more carbon-intensive as well. In this context, there has been an increase in EDM's energy purchase costs, but also in CO2 emissions. The increase in electricity supply costs was aggravated by the increase in the cost of capital and the depreciation of the Mozambican currency against the US dollar, and naturally led to an increase in energy tariffs between 2014 and 2019. However, these tariff increases were insufficient to contain the overall deficit, which increased during the same period. Alongside with trying to get more electricity from HCB for the country, building new generation facilities directly managed by EDM is also part of the solution that this Action offers to reduce the deficit of EDM.

Poverty disproportionately affects the northern provinces of Mozambique, particularly Cabo Delgado, which faces a multifaceted crisis encompassing humanitarian, development, and conflict factors. The rehabilitation of the grid in Cabo Delgado is crucial for restoring electricity access to the region and supporting its economic recovery. This may involve repairing damaged infrastructure, upgrading existing facilities, and implementing measures to enhance resilience against future disruptions.

Recognizing the limitations of the conventional grid expansion in reaching all communities and building on the momentum created by the new Regulation for Energy Access in Off-grid Areas, there is also a need to support off-grid solutions provided by the private sector. Despite advances in the policy framework for clean energy in the last couple of years, regulatory gaps still exist in both on- and off-grid market segments like the lack of fiscal incentives, high import duties and VAT for clean energy products. The need for a long-term vision, planning, coordination, and strengthening of data generation and management are also high on the agendas of both the Ministry of Energy and the Regulator. This Action will support the creation of an enabling regulatory environment to encourage private sector participation in the off-grid energy market.

The premature ending of grant support for companies operating in remote areas impedes their sustainability and results in setbacks. Without grants, companies struggle to expand or maintain operations, leading to reduced sales, staff cuts, and financial losses. This would lead to higher sale prices, which could exacerbate the challenge for customers to afford electricity, thereby deterring investment in remote regions where vulnerable communities are situated. Sustaining grant programmes for at least five years is crucial to ensure the long-term viability of these projects. At the same time the Action will work on an exit strategy of RBF subsidy to more commercial business models.

This Action will provide incentives for companies to invest in off-grid technologies like solar home systems, mini-grids, portable solar devices, or clean cooking solutions. It will support local and international entrepreneurs and businesses, including through the facilitation of access to finance, in developing and deploying off-grid solutions tailored to the needs of Mozambican communities.

**Identification of main stakeholders (duty bearers and right holders) and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:**

In July 2022, Mozambique updated its Electricity Law with Law No. 12/2022, effective from October of the same year. This revision reflects the country's evolving social, technical, and financial landscape, with a focus on renewable energy and private sector involvement. The Law outlines the framework of the electricity sector, covering production, distribution, transmission, consumption, storage, export/import, and introduces the National Electric System Manager (NESM).

Duty bearers: EDM (Electricidade de Moçambique) is the state-owned vertically integrated electricity company responsible for generating, transmitting, distributing and commercialising electricity in Mozambique. EDM operates a diverse portfolio of power generation facilities, including from hydroelectric (5 HPPs), thermal (2 gas thermal power plants), and renewable energy sources, as well as a network of transmission and distribution infrastructure. EDM is also responsible for importation and exportation. In 2022, Mozambique exported 27% of its production to five neighbouring countries, and in the future, the country aims to position itself as the energy hub in the SADC region.



EDM is guided by numerous strategies - including a gender equality strategy that this Action will strengthen - and operational plans. EDM bases its performance on three strategic vectors: losses reduction, massification of new connections and cost reduction. The EDM priority list for 2021-2030 encompasses the three infrastructure projects to be executed under outcomes 1 and 2 of this Action. As manager of the electricity network, EDM will also be responsible of the rehabilitation and the operation of the network in Cabo Delgado (outcome 3). EDM will therefore play a major role for the implementation of this Action. The beneficiary of the funds will be the Republic of Mozambique through the Minister of Economy and Finance which will retrocede the funds to EDM for implementation (outcome 1, 2 and 3).

Other critical stakeholders will be the Ministry of Mineral Resources and Energy (MIREME), the Government entity responsible for energy policy and planning, as well as monitoring sector performance and governance, notably the National Directorate of Energy (DNE) and the Integrated Planning and Coordination Unit for Electrification (UIPCE) which plays an increasing role in the sector, the Energy Regulation Authority (ARENE) which has gained power in the past years through new regulatory reforms and the Mozambican Energy Fund (FUNAE) and the Ministry of women and social welfare.

Outcome 4 will also involve the following stakeholders from the private sector: Mozambican Renewable Energy Association (AMER), Lusophone Renewable Energy Association (ALER), Alliance for Rural Electrification (ARE), Global Off-Grid Lighting Association (GOGLA), Solar Power Europe (SPE), etc.

The Foundation for Community Development (FDC) will be in charge of the implementation of the support through the Fund for Sustainable Access to Renewable Energy (FASER, Fundo de Acesso Sustentavel as Energias Renovaveis), as in the first phase of our support.<sup>13</sup>

This strategic action will be co-funded by the EIB, France (AFD), Sweden (SIDA), and Germany (KfW) in line with our Team Europe Initiative Green Deal for Mozambique. Coordination will be key to limit the transaction and reporting burden of EDM for outcomes 1, 2 and 3.

Right holders: Population, local authorities and civil society, specially women's organizations and organizations of people with disabilities will be associated to the project within the framework of the Social and Environment Impact Assessments which will be carried out when construction/rehabilitation is considered.

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<sup>13</sup>Covid Plus: Support Scheme for Renewable Energy Businesses that provide Access to Energy in Mozambique during the Covid-19 Pandemic

### 3 DESCRIPTION OF THE ACTION

#### 3.1 Objectives and Expected Outputs

The Overall Objective of this action is to advance just energy transition in Mozambique.

The Specific Objectives (Outcomes) of this action are to:

1. Increased production of electricity from renewable energy in the Centre of the country
2. Increased, improved and inclusive access to affordable, reliable, sustainable, and modern energy in Nampula and Inhambane Provinces of the country
3. Increased, improved and inclusive access to affordable, reliable, sustainable, and modern energy for the most vulnerable women and youth, to restore their economic opportunities in the province of Cabo Delgado.
4. Improved conditions for private investments in the Mozambican energy sector, especially in the off-grid market

The Outputs to be delivered by this action contributing to the corresponding Specific Objectives are

contributing to Outcome 1 (or Specific Objective 1) are:

- 1.1 Increased power generation capacity from renewable energy through the construction of the Tsate hydropower plant on the Revué river (Manica Province)

contributing to Outcome 2 (or Specific Objective 2) are:

- 2.1 The transmission line (220kV) between Nampula and Angoche (Nampula Province) is built
- 2.2 The transmission line (110kV) between Massinga and Vilanculos (Inhambane Province) is built

contributing to Outcome 3 (or Specific Objective 3) are:

- 3.1 Improved and resilient to climate change energy infrastructure through rehabilitation of the grid in the Northern part of Cabo Delgado Province

contributing to Outcome 4 (or Specific Objective 4) are:

- 4.1 Improved capacities of relevant stakeholders for energy sector governance, planning, procurement, and regulation for a low emission power system transformation (GET.transform window)
- 4.2 Improved capacity of private sector organisations and companies for private investment in clean energy in Mozambique and facilitation of access to energy market (GET.invest window)
- 4.3 Enhanced capacity and financing for energy technology and service providers in Mozambique to expand their Solar Home Systems (SHS)/Improved Cook Stoves (ICS) business activities to remote rural areas and provide access to energy for vulnerable people (Leave No One Behind (LNOB) Window)

#### 3.2 Indicative Activities

##### **Activities relating to Output 1.1: increased power generation capacity from renewable energy through the construction of the Tsate hydropower plant on the Revué river (Manica Province)**

- Procurement and set-up of a Project Implementation Unit (PIU) in support to EDM
- Procurement and recruitment of an Owner's Engineer to draft the tender and supervise the works.
- Procurement of an Engineering Procurement and Construction (EPC) contractor
- Implementation of the works for the construction of the Tsate hydropower plant
- Implementation of the Environmental and Social Management Plan
- Procurement of a social agent for the implementation of the Resettlement action plan
- Commissioning and handing over to EDM

##### **Activities relating to Output 2.1: the transmission line (220kV) between Nampula and Angoche (Nampula Province) is built**

- Procurement and recruitment of an Owner's Engineer to draft the tender and supervise the works
- Procurement of an Engineering Procurement and Construction (EPC) contractor

- Implementation of the works for the transmission line Nampula-Angoche
- Implementation of the Environmental and Social Management Plan
- Commissioning and handing over to EDM
- Capacity building to enhance EDM reaching the 2030 objective of their Gender Equality Strategy

**Activities relating to Output 2.2: the transmission line (110kV) between Massinga and Vilanculos (Inhambane Province) is built**

- Procurement and recruitment of an Owner's Engineer to draft the tender and supervise the works
- Procurement of an Engineering Procurement and Construction (EPC) contractor
- Implementation of the works for the transmission line Massinga-Vilanculos
- Implementation of the Environmental and Social Management Plan
- Commissioning and handing over to EDM

**Activities relating to Output 3.1: improved and resilient to climate change energy infrastructure through the rehabilitation of the grid in the electricity grid of the Northern part of Cabo Delgado Province**

- Procurement and recruitment of an Owner's Engineer to draft the tender and supervise the works
- Procurement of an Engineering Procurement and Construction (EPC) contractor
- Implementation of the works for: rehabilitation of Macomia Substation, reconstruction of Awasse Substation, rehabilitation/reconstruction of Medium Voltage 33 kV lines<sup>14</sup>
- Implementation of the Environmental and Social Management Plans
- Commissioning and handing over to EDM.

**Activities relating to Output 4.1: improved capacities of relevant stakeholders for energy sector governance, planning, procurement, and regulation for a low emission power system transformation**

- Technical support for long-term energy planning and capacity building to boost renewable energy generation: assisting in the implementation of Energy Transition processes, supporting MIREME's Integrated Energy Planning and Coordination Unit (UIPCE) with planning tools and capacity building, clarifying institutional arrangements, and improving governance and oversight of energy planning procedures
- Technical assistance and capacity building to promote the integration of variable Renewable Energy sources into the power system: aiding energy public stakeholders in the management and operationalization of power sector transformation processes, as well as bolstering policy frameworks and regulatory instruments to facilitate grid integration
- Technical support and capacity building to bolster regulatory frameworks and market expansion: facilitating IPP access to the domestic market and the South African Power Pool (SAPP), refining IPP tendering mechanisms, and addressing risk factors associated with grid-connected projects
- Technical support and capacity building for the development of regulations and markets in off-grid areas to enhance electricity access. assistance to ARENE in procuring mini-grid systems, streamlining relevant regulations, and mitigating risks associated with off-grid projects

**Activities relating to Output 4.2: improved capacity of private sector organisations and companies for private investment in clean energy in Mozambique and facilitation of access to energy market**

- Finance Access Advisory and Finance Systems Advisory: build capacity for domestic financiers to invest in clean energy projects and support project developers and companies in obtaining finance for energy efficiency and clean energy through coaching and advisory (Finance Catalyst) as well as supporting renewable energies businesses with key project documentation and bankability studies required for investment
- Mobilisation: outreach to and mobilisation of private sector, in cooperation with associations, such as AMER. In addition, support the identification of specific project opportunities e.g. in electric mobility, agro-industry and energy efficiency.
- Information and Data: Create a data platform that enhances the availability of information and data necessary for facilitating energy investments.

<sup>14</sup> Awasse – Mocimboa da Praia, Mocimboa da Praia – Palma, Awasse – Muidumbe, Awasse – Nangade – Mueda and Macomia – Quissanga, extension of distribution network in 5 Administrative Posts not yet covered: Namogelia, Katapua, Hucula, Quionga, Pundanhhar

**Activities relating to Output 4.3: energy technology and service providers in Mozambique are enabled to ensure the continuity of their Solar Home Systems (SHS)/Improved Cook Stoves (ICS) business activities and provide access to energy for vulnerable people**

- Set-up of the “Leave No One Behind (LNOB) Window” of the Fundo de Acesso Sustentavel as Energias Renovaveis (FASER): the window will provide grant-based incentives to SHS and ICS companies, especially for specific vulnerable groups to leave-no one-behind (LNOB)
- Preparation and Launch of a Call for Expression of interest/Proposals to receive LNOB window funds.
- Allocation of funds to viable proposals and signing of contracts.
- Verifications of results submitted by recipients of the “LNOB window” and Incentive Disbursements.
- Conduction of an Assessment of the relevance of the LNOB window in ensuring the access to energy for vulnerable population in Mozambique

The commitment of the EU’s contribution to the Team Europe Initiative to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member’s meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

### 3.3 Mainstreaming

#### **Environmental Protection & Climate Change**

##### **Outcomes of the EIA (Environmental Impact Assessment) screening**

The Environment Impact Assessment (EIA) screening categorized the action as Category A for the construction of the Tsate Hydropower Plant (HPP) and the two transmission lines Nampula-Angoché and Massinga-Vilanculos. Environmental and Social Impact Assessments (ESIAs) have been conducted for all these three new infrastructures, funded by Sweden, including Environmental and Social Management Plans, Resettlement Framework Plans, and Stakeholder Engagement Plans. The rehabilitation works of the component 3 in Cabo Delgado are categorised category B.

The ESIA for Tsate has been approved by the Ministry of Land and Environment. Main impacts identified include physical displacement and loss of productive land due to the Tsate reservoir flooding, which will be closely monitored through a Resettlement Action Plan (RAP). Specific consultants will be recruited for RAP implementation, with the detailed design phase exploring alternatives to minimize reservoir impact.

For the transmission lines, Mozambique requires a 100-meter right of way, leading to potential displacement of households, productive land, and structures, also to be monitored and mitigated through the RAP. Mozambique’s ESIA regulation is considered among the best in Africa, with standards close to the highest international norms.

##### **Outcome of the CRA (Climate Risk Assessment) screening**

The Climate Risk Assessment (CRA) screening concluded that this action is at risk (climate risk will be addressed as part of an EIA).

The main objective of this action is to strengthen Mozambique’s capacity for implementing a just energy transition strategy, primarily through the construction of a hydropower plant and two electricity transmission lines. These initiatives aim to produce electricity efficiently, reduce carbon emissions, and increase access to renewable energy, in line with Mozambique’s Nationally Determined Contribution (NDC) goals. Despite potential GHG emissions associated with infrastructure construction and operation, emission intensity is expected to be low<sup>15</sup> and mitigated through Environmental and Social Management Plans (ESMPs). The construction of climate-resilient infrastructure and adaptation measures to climate change - notably to address the potential future variability of hydropower generation<sup>16</sup> - will be prioritized due to the region’s vulnerability to extreme climate events.

<sup>15</sup> For Tsate for example, it has been assessed that the emission intensity is expected to be low at 18.7 g CO<sub>2</sub>e/kWh (100 years), falling far below the recommended threshold (100 g CO<sub>2</sub>e/kWh (IHA, 2020a). The power density is approximately 7 W/m<sup>2</sup>, meaning the Tsate HPP complies with two of the three criteria (compliance with one is satisfactory) in the EU Taxonomy (European Commission, 2022).

<sup>16</sup> France, which provide parallel financing, requires both mitigation and adaptation Rio Markers for their loan to the Tsate Hydropower Project (HPP). Specific measures will be implemented to address the physical and economic risks associated with changing hydrological patterns, including adjusting power system operation and expansion planning processes. Operations

Mozambique faces heightened vulnerability to climate change due to its location along the Indian Ocean, extensive coastline, low-lying hinterland, agricultural dependence, limited infrastructure, and poverty. Floods and storms have been the most recurring natural hazards, affecting millions of people over the past four decades. Cyclones primarily impact provinces like Nampula, Zambezia and Cabo Delgado, while floods are common in Sofala, Zambezia, and Nampula. Droughts also pose a significant threat, affecting nearly half of the population annually, with Zambezia being the most affected province. Climate change has severely impacted Mozambique's power sector, with recent cyclones causing extensive damage to hydropower plants, transmission lines, substations, and distribution infrastructure. The estimated cost of physical damage to the electricity infrastructure is approximately \$130 million, with additional non-technical costs due to power cuts and emergency response efforts.

Outcome 4 of the action focuses on advancing clean energy investments to achieve international climate goals. This involves supporting investment projects and promoting enabling frameworks to accelerate climate initiatives, in line with NDC targets. Collaboration with public sector actors is emphasized to develop long-term energy scenarios prioritizing low-carbon pathways. Additionally, support is provided to enhance climate resilience in the power system, benefiting vulnerable populations such as rural communities, smallholder farmers, and micro-businesses.

In summary, the action aims to strengthen Mozambique's energy sector, promote renewable energy adoption, mitigate climate risks, and contribute to international climate objectives outlined in the Paris Agreement.

### **Gender equality and empowerment of women and girls**

The action is labeled as G1 according to the OECD Gender DAC codes, indicating that gender equality is a significant objective. Gender equality and the empowerment of women and girls are central goals of this action. Access to affordable, reliable, and clean energy is essential for women's economic, employment, and social participation. Women's involvement in the energy value chain ensures that energy products meet their needs, increasing adoption and use. Education, training, and investment can empower women in market development. Equal representation of women in energy governance ensures gender-responsive decision-making. The EDM Gender Equality Strategy aims to increase women employment up to 40% (against 19% today) and capacity building activities of this action will further advance this objective. Measures identified in ESIA, ESMP, and future RAP promote gender equality, including prioritizing local and female labor, monitoring recruitment for transparency and gender equity, and promoting women's access to paid work for improved gender relations and household economies.

### **Human Rights**

Access to electricity is considered a human right. It provides the potential for everyone to exercise power and improve their lives. Access to energy is fundamental to achieve most of the Sustainable Development Goals. Education, health, water, biodiversity, agriculture or climate change are some of the sectors where better access to energy has a transformative impact. The action will respect the 5 principles of the human rights-based approach: i) transparency, ii) accountability, iii) respect to all human rights, iv) participation, and v) non-discrimination. Addressing energy poverty not only removes a significant socio-economic barrier to accessing formal rights but also fosters sustainable development by contributing to a clean energy market and creating opportunities such as national revenue and jobs. Implementation of principles including "no one left behind," "do no harm," and respect for human rights, alongside promoting participation, accountability, and transparency, is crucial. Leveraging financing mechanisms can de-risk investments in the energy sector and prioritize activities for the most vulnerable. Private sector partners will be encouraged to uphold principles of Business and Human Rights.

### **Disability**

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. Access to affordable energy has an important impact on persons with disabilities as they tend to have higher energy needs. For instance, they have a greater demand for electricity to operate assistive technologies that help them to become more self-sufficient. Since persons with mobility difficulties also tend to spend more time at home, their energy bills are higher than for households without persons with disabilities and often they have fewer financial resources available

planning will be improved through hydrology forecasting, scenario-building, and reservoir operation optimization. Basin-wide analysis will also be conducted to enhance overall project resilience. The Tsate HPP will operate in cascade with existing Chicamba and Mavuzi HPPs. The Revué River is exclusively used for electricity generation by the Electricidade de Moçambique (EDM).



to pay their energy bills. The key to overcoming the energy challenges faced by people with disabilities lies chiefly in increasing access to affordable electricity, which is one of the objectives of this project.

### **Reduction of inequalities**

The action will contribute to address the development inequalities in the country and to reduce the infrastructure gap between the North and the South. EU support will allow providing reliable and stable energy to the Northern provinces affected by high levels of poverty, including access to basic services, and by the security related crisis since 2017, which created a large number of Internally Displaced Persons (IDPs). The rehabilitation of the electricity grid in the Cabo Delgado province will in particular restore socio-economic opportunities in this province. This action is complementary to other Actions developed in past Annual Action Plans since 2022 targeting the North of the country. This is in line with the EU integrated approach for the North combining humanitarian assistance to underserved/under-reached conflict-affected communities in Northern Cabo Delgado, community-level security and community policing, rehabilitation of key public infrastructure for service delivery and productive infrastructure, dialogue for peace and social cohesion, training of the military forces on gender sensitive approaches and protection of civilians, prevention of sexual exploitation and abuse, establishment of comprehensive sexual and reproductive health (SRH) care services, referral and information services, vocational training to expand employment and income generation opportunities, providing access of women and adolescent girls and youth living in vulnerable situations to economic empowerment, education, literacy and skill-development initiatives.

### **Democracy**

The Action (especially outcome 4) promotes sound, transparent governance processes which are guided by a participatory and fact-based approach to policy development and decision making. Focussing on decentral solutions furthermore contributes to the democratisation of energy systems (steering away from monopolies with vested interests).

### **Conflict sensitivity, peace and resilience**

The action is conflict sensitive and peace oriented addressing drivers of the conflict in the North of Mozambique, such as unequal access to infrastructure and services which increases the likelihood of some groups resorting to violence. Securing energy supply in the North will also improve livelihood opportunities cross-sectionally for IDPs, host communities and returnees and will foster the overall socio-economic development of the region. Further, energy security in displacement settlements will be enhanced through the support towards sustainable off-grid energy services. Valuable experiences gathered from the Operation & Maintenance Guidelines for Displacement Settings in Uganda will be replicated in Mozambique while taking into consideration the different composition of displaced populations in Mozambique (mainly IDPs).

### **Disaster Risk Reduction**

The action does not specifically target disaster risk reduction. However, attention will be paid that all infrastructure built through this action will be climate-resilient.

## **3.4 Risks and Lessons Learnt**

<b>Risks</b>	<b>Likelihood (High/ Medium/ Low)</b>	<b>Impact (High/ Medium/ Low)</b>	<b>Mitigating measures</b>
<b>External environment</b>			
The mindset of decision-makers in Mozambique	<b>Medium</b>	<b>Medium</b>	Concerns regarding the feasibility of renewable and low-carbon technologies, including doubts about their



may still be biased towards the large-scale use of fossil fuel technologies, especially gas. This may affect the openness to engage in sustainable energy and power system planning.			economic and technical viability, will be tackled within outcome 4. Capacity building efforts will instill confidence among public sector stakeholders, encouraging their active involvement in meaningful transformations of the power system. Support for and empowerment of the Energy Transition implementation process, integrated within MIREME, will sustain the momentum towards achieving low-carbon, sustainable energy goals.
The security situation in Cabo Delgado does not allow works to be implemented	<b>High</b>	<b>Medium</b>	The European Union implements an integrated approach to contribute to reestablish peace in Cabo Delgado by providing training and non-lethal equipment to Mozambican armed forces. EU-funded initiatives are contributing to the stabilization of the province, employing an integrated approach to its development. Enhanced security measures and ethical risk-transfer arrangements to suppliers and service providers will also be incorporated into the tender documentation for the recruitment of the EPC.
<b>Planning, processes and systems</b>			
Delays in the project implementation, mainly regarding procurement as well as the actual construction. Risk of increased costs related to delays and feasibility studies updates.	<b>High</b>	<b>Medium</b>	Mitigation measures include the utilisation of e-Procurement platforms. The steering committee will closely monitor those aspects. During construction, the Owner's engineer will reduce the risks of works delays in closely monitoring implementation. Sweden offers flexibility of funding should an increase in infrastructure costs arise.
Difficult coordination and complexity for EDM management due to the number of partners around the table.	<b>High</b>	<b>Low</b>	A technical and steering committee will be set up to ensure appropriate coordination and complementarities. Coordination and joint decision making through Mutual Reliance Initiative (MRI) will be favoured avoiding multiple non-objections and difficult timeline management by EDM.
Limited engagement in favour of gender equality and the empowerment of women, a human rights-based approach, and persons with disabilities by the targeted institutions and non-state actors	<b>Medium</b>	<b>Low</b>	The project will provide adequate resources to work with institutions and non-state actors on the importance of integrating gender equality, a human rights-based approach, and the rights of persons with disabilities
The time needed to deliver the transformative advisory services requested by target groups exceeds the allocated timeframe due to factors such as insufficient	<b>Medium</b>	<b>Medium</b>	A pool of highly specialised consultants, who can be mobilised quickly, will be available to reduce service provision time, and cut down on preparatory procedures.

capacity, tools/plans, and coordination on the counterparts' side.			
<b>Legality and regularity aspects</b>			
Human rights violations (i.e. unsafe working conditions and land right issues)	<b>Medium</b>	<b>Low</b>	Private sector involved in the action will abide by the UN Guiding principles on Business and Human rights. The principle of 'do not harm' and ethical risk-transfer will be applied and specified in the tender documents.
<b><u>Lessons Learnt:</u></b> <p>The proposed Action builds on lessons learnt from former EU support to the energy sector. The EU is currently investing – through 11<sup>th</sup> EDF and NDICI funds – around EUR 200 000 000 (leveraging additional EUR 800 000 000) in the energy sector in Mozambique. In support of the Government's "Energy for All" programme and its Energy Transition Strategy, the EU helps to:</p> <ul style="list-style-type: none"> <li>- increase the part of renewables (solar, wind and hydro) in the energy mix,</li> <li>- enhance the performance and financial sustainability of the power utility,</li> <li>- reinforce the regulator,</li> <li>- extend the electricity grid and the connection of new customers,</li> <li>- increase the share of private investments in renewable energy, notably for decentralised renewable energy solutions and</li> <li>- build interconnection with neighbours within the Southern African Power pool (SAPP).</li> </ul> <p>For this, the EU has deployed innovative financing instruments such as equity, debt, guarantees, etc. The EU has also actively engaged in the policy dialogue with the Government and other Development Partners.</p> <p>EDM's role will be critical as main implementer of the outcomes 1 to 3. Projects such as ProEnergia and the Construction of the National Control Center both involving multiple donors and technical complexity have shown that a Project Implementation Unit is crucial for a good coordination and implementation of the works. This will be taken into consideration in this action.</p> <p>The action will benefit from the multidonor experience (France, Germany and Sweden working with EDM) in the earlier rehabilitation of two hydropower plants on the same river Revu��. Key lessons learnt are: an open communication and understanding between the donors is needed; talking with one voice towards EDM and the consultant with a pre-agreed and understood line to take is required; using each other's resources and also processes (like the No Objection process as example) simplifies decision-making; there is a need to look at the totality and not only each agency's "contracts/agreement" and flexibility in allocations of funds is helpful. This will be applied in this action.</p> <p>The action will benefit from past and ongoing interventions by GET.Transform in Mozambique, particularly in supporting the drafting of the Energy Transition Strategy. This success is attributed to a combination of strategic vision, technical expertise, and mutual trust cultivated through continuous partner engagement. Local capacity building is emphasized, facilitated by a dedicated global advisory services team and expert pool. Increased alignment, coordination, and planning capacity are identified as necessary improvements. Lessons from GET.Invest's Mozambican country window highlight the importance of a scalable approach, customized services, and stakeholder engagement in ensuring relevance and effectiveness. Financial advisory services have proven instrumental in developing bankable projects, while initiatives like Results-Based Financing (RBF) and CovidPlus have supported post-pandemic recovery and growth. These efforts, alongside technical assistance and regulatory support, are vital for fostering a sustainable energy sector in Mozambique.</p>			

### 3.5 The Intervention Logic

Outcome 1: the successful construction of the the Tsate hydropower plant on the Revue river, including successful implementation of the environmental and social management plan, critical for that project, will increase the renewable energy (hydropower) generation capacity in the centre of Mozambique. It will indeed strengthen energy supply in the Beira corridor, increase the central stability and reduce the impact of black-outs when the 220kv transmission line Matambo-Catandica-Chitaba is unavailable. It will also avoid 200 000 tonnes CO2 eq per year of Greenhouse Gas emissions. The outcome will therefore positively contribute to the high-level programmes 1 (hydroelectric power development) and 2 (expansion and improvement of the national electricity grid) of the Energy Transition Strategy.

Outcome 2: the successful construction of the transmission line Nampula – Angoche and the line Massinga – Vilanculos, including the environmental and social dimension, will improve quality of provision and enable the supply of clean electricity to new EDM customers in the Centre and North of the country. The transmission line Nampula – Angoche will indeed increase the reliability of the power system in the North as well as the availability of power in the District of Angoche to enhance the connection of new customers under the Energy for All programme as well as mining (Kenmare Titanium mining) and fisheries activities. The transmission line Massinga – Vilanculos, will introduce an alternative route if the existing line is out of service, which will considerably increase the reliability of energy supply by providing shorter interruptions in the supply compared to the present system. It will also extend the existing Southern Grid further North towards a future integration of Southern and Central Grid systems, usefull to unify the network countrywide. This outcome will directly contribute to the high-level programme 2 (expansion and improvement of the national electricity grid) of the Energy Transition Strategy.

Outcome 3: the restoration of energy supply to the Northern districts of Cabo Delgado, as well as extending the grid to currently uncovered regions, will contribute to restore socio-economic opportunities through access to electricity in the Northern part of Cabo Delgado province. It is expected to encourage people to return to their homes, where they can access vital resources like medical care, potable water, administrative and public services, banks, and small-scale businesses. The re-establishment of reliable electricity in northern Cabo Delgado will greatly improve the lives of local communities and boost socio-economic activities. Overall, this project holds significant potential for enhancing the well-being and livelihoods of those affected by the unrest in the region. This outcome will also contribute to the high-level programme 2 (expansion and improvement of the national electricity grid) of the Energy Transition Strategy.

Outcome 4 : promoting systematic public-sector transformation processes and hence conducive policy framework for clean energy investments, mobilising investment in clean energy by supporting project developers and businesses. Complementary, targeting the early-stage markets by offering grant incentives to companies that serve customers who are vulnerable and who under normal conditions would not have the financial means to purchase clean energy technologies will improve the conditions for private investments in the Mozambican energy sector, especially in the off-grid market. This outcome will contribute to the high-level programme 1 (hydroelectric power Development), programme 2 (expansion and improvement of the national electricity grid), programme 3 ( Solar and wind development ), programme 11 (Accelerating access to off-grid energy) and programme 12 (mass dissemination of clean cooking) of the Energy Transition Strategy.

By participating in 5 out of 8 high level programmes areas within the Energy Transition Strategy, the Action will strengthen Mozambique's capacity to implement its just energy transition strategy and to achieve its objectives, in term of universal access, reduction of GHG emissions, reduction of costs and increase of renewable energy generation facilities.

The inclusion in the Action of activities in the Northern regions of Mozambique, particularly in Cabo Delgado, will further effort to diminish the country's geographical inequalities and promote peace and resilience in that province. A key aspect of this Action will be prioritizing gender equality by ensuring access to energy and fostering employment opportunities within the utility EDM, in supporting the implementation of the EDM's Gender Equality Strategy. .

### 3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

PROJECT MODALITY (3 levels of results / indicators / Source of Data / Assumptions - no activities)

Results	Results chain (a): Main expected results (maximum 10)	Indicators (a): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
<b>Impact</b>	To advance a just energy transition in Mozambique	<p>1 Proportion (%) of population (disaggregated by sex and disabilities whenever possible) with access to electricity nationwide(*MIP, ** GEF 1.2 SDG 7.1.)</p> <p>2 Renewable energy (hydropower) generation capacity installed (MW) in Mozambique (* MIP, ** GEF 1.3 SDG 7.2.1)</p> <p>3 Renewable energy (solar and wind) generation capacity installed (MW) in Mozambique (* MIP, ** GEF 1.3 SDG 7.2.1)</p>	<p>1 =51 (2023)</p> <p>2 = 2192 (2023)</p> <p>3=75 (2023)</p> <p>4=8.1 (2023)</p> <p>5=4</p>	<p>1=100 (2030)</p> <p>2 = 4542 (2030)</p> <p>3= 690 (2030)</p> <p>4 = 28/32 (2030)</p> <p>5 =100</p>	Reports Programme National “Energy for All”, Implementation report Energy Transition Strategy	<i>Not applicable</i>

		<p>4 Extension and reinforcement of the grid for transporting more electricity (TWh)</p> <p>5 Proportion (%) of the population (disaggregated by sex and disabilities whenever possible) with access to clean cooking (* MIP, ** GEF 1.2 SDG 7.1)</p>				
<b>Outcome 1</b>	1 Increased production of electricity from renewable energy in the Centre of the country	<p>1.1 Generation Renewable energy (GWh per year) on average</p> <p>1.2 Greenhouse Gas emissions avoided (tonnes CO2 eq) with EU support (*-MIP) (**GERF 2.7)</p> <p>1.3 System Average Interruption Duration Index (SAIDI), measured in number of hours per year: Centre</p>	<p>1.1 =0 (2024)</p> <p>1.2=0(2024)</p> <p>1.3= 35:36 (2022)</p>	<p>1.1= 257 (2030)</p> <p>1.2= (2030)</p> <p>1.3= TBD (2030)</p>	<p>1.2 EDM annual report</p> <p>1.3 EDM annual report, EIB calculation</p> <p>1.4 EDM annual report</p>	Government of Mozambique continues to support activities to reach goal of universal access to energy by 2030
<b>Outcome 2</b>	2 Increased, improved and inclusive access to affordable, reliable, sustainable, and modern energy in the Nampula and Inhambane Provinces of the country	<p>2.1 Number of people (disaggregated by sex and disabilities whenever possible) with access to electricity with EU support through: (b) improved access (*MIP) (** GEF 2.3) in Nampula and Inhambane Provinces</p> <p>2.2 System Average Interruption Duration Index (SAIDI), measured in total number of outage hours per year: Nampula and Inhambane Provinces</p>	<p>2.1 =0</p> <p>2.2= NC 72:33, NO 81:17</p> <p>2.3 = 19% (2021)</p>	<p>2.1= 350,000 (Angoche District)</p> <p>325,000 (Massingao and Vilanculos districts)</p> <p>2.2= TBD</p> <p>2.3 =40% (2030)</p>	<p>2.1 EDM annual report</p> <p>2.2 EDM annual report</p>	<p>Energy transition strategy continues to be a priority for the Government of Mozambique</p> <p>EDM gender strategy is implemented</p>

		2.3 Percentage of women employed in EDM				Strategic processes “envelopes” are still high on the Government of Mozambique’s agenda:
<b>Outcome 3</b>	3.3. Increased, improved and inclusive access to affordable, reliable, sustainable, and modern energy for the most vulnerable women and youth, to restore their economic opportunities in the province of Cabo Delgado	<p>3.1 Number of people(disaggregated by sex and disabilities whenever possible) with access to electricity through: (a) new access, (b) improved access (*MIP) (** GEF 2.3) in the Northern part of Cabo Delgado Province</p> <p>3.2 System Average Interruption Duration Index (SAIDI), measured in total number of outage hours per year: North part of Cabo Delgado</p> <p>3.3 Number of women and youth with increased training, financial resources, technology or other resources for sustainable and safe food production, sustainable energy, sustainable transport, and clean water sources, for family consumption or for productive uses (GAP III)</p>	<p>3.1=0 (2023)</p> <p>3.2= TBD (2022)</p> <p>3.3 = TBD (2024)</p>	<p>3.1=</p> <p>(a) 104,000 (new administrative posts)</p> <p>(b) 516,000 (districts of Palma, Nangade, Mocimboa da Praia, Quissanga, Meluco, Macomia, Muidumbe)(2030)</p> <p>3.2= TBD (2030)</p> <p>3.3 = TBD (2030)</p>	<p>3.1 EDM annual report</p> <p>3.2 EDM annual report</p>	<p>- Energy Transition implementation Delivery Unit (DU) - MIREME</p> <p>- Integrated Energy Planning &amp; Coordination Unit (UIPCE)</p> <p>Sufficient quantity and quality of project applications; Effective outreach measures to interested project developers/businesses;</p> <p>Government of Mozambique continues to support activities to reach goal of universal access to energy by 2030</p> <p>Energy transition strategy continues to be a priority for the Government of Mozambique</p>
<b>Outcome 4</b>	4. Improved conditions for private investments in the Mozambican energy sector especially in the off-grid market	<p>4.1 Number of people(disaggregated by sex and disabilities whenever possible) with access to electricity with EU support through: (a) new access, (*MIP) (** GEF 2.3)</p> <p>4.2Number of people (disaggregated by sex and disabilities whenever possible) with access to clean cooking solutions (*MIP)</p>	<p>4.1 = 0 (2023)</p> <p>4.2 = 0 (2022)</p> <p>4.3 = 0 (2024)</p> <p>4.4 = 0 (2024)</p>	<p>4.1 = 76,000 (2030)</p> <p>4.2 = 80,000 (2030)</p> <p>4.3 = 25 (2030)</p> <p>4.4 = 26,000 (2030)</p>	<p>4.1 – 4.4 Evaluation of project documentation from financiers and/or project developers</p> <p>4.1 – 4.2 FASER RBF Fund Reports</p> <p>Client data submitted by companies;</p> <p>Paper-check, phone verification, verification of</p>	



		4.3 Renewable energy generation capacity installed (MW) with EU support (* MIP) (** GEF 2.4)  4.4 Greenhouse Gas emissions avoided (tonnes CO2 eq per year) with EU support (*-MIP) (**GEF 2.7)			client databases, cross-checks between companies.	
<b>Output 1 relating to Outcome 1</b>	1.1 Increased power generation capacity from renewable energy through the construction of the Tsate hydropower plant on the Revué river	1  1.1.1. Renewable energy (hydropower) generation capacity installed (MW) with EU support (* MIP) (** GEF 2.4)  1.1.2 Status of connection of Tsate HPP to the Mavuzi-Chibata transmission line	1.1.1=0 (2024)  1.1.2 not connected (2024)	1.1.1=50 (2033)  1.1.2 connected (2033)	1.1.1 Owner Engineer supervision report, completion and acceptance certificates  1.1.2 Owner Engineer supervision report on connection to the grid	EDM has sufficient capacities for operation and maintenance of the Tsate HPP
<b>Output 1 relating to Outcome 2</b>	2.1 The transmission line (220kV) between Nampula and Angoche (Nampula Province) is built	2.1.1 Number of electricity substations expanded and upgraded, Nampula Province  2.1.2 Km length of transmission lines built, Nampula Province	2.1.1=0 (2024)  2.1.2 =0 (2024)	2.1.1=2 (2030)  2.1.2= 145 (2030)	2.1.1 Owner Engineer supervision report, completion and acceptance certificates  2.1.2 Owner Engineer supervision report, completion and acceptance certificates	The transmission line are operated and maintained by EDM, which have sufficient capacities for that
<b>Output 2 relating to Outcome 2</b>	2.2 The transmission line (110kV) between Massinga and Vilanculos (Inhambane Province) is built	2.2.1 Number of electricity substation are expanded and upgraded, Inhambane Province  2.2.2 Km length of transmission lines built, Inhambane Province	2.2.1 =0 (2024)  2.2.2 = 0 (2024)	2.2.1=3 (2030)  2.2.2=200 (2030)	2.2.1 Owner Engineer supervision report, completion and acceptance certificates  2.2.2 Owner Engineer supervision report, completion and acceptance certificates	The transmission line are operated and maintained by EDM, which have sufficient capacities for that
<b>Output 1 relating to Outcome 3</b>	3.1 Improved and resilient to climate change energy infrastructure through rehabilitation of the grid in the Northern part of Cabo Delgado Province	3.1.1 Number of electricity substations rehabilitated in North of Cabo Delgado	3.1.1=0 (2024)	3.1.1=2 (2030)  3.1.2 = 600 (2030)  3.1.3 = 5 (2030)	3.1.1 Owner Engineer supervision report, completion and acceptance certificates	The infrastructure is operated and maintained by EDM, which have

		<p>3.1.2 Km length of distribution lines built in the North of Cabo Delgado</p> <p>3.1.3 Number of new administrative posts connected to the grid</p>	<p>3.1.2 =0 (2024)</p> <p>3.1.3 = 0 (2024)</p>		<p>3.1.2 Owner Engineer supervision report, completion and acceptance certificates</p> <p>3.1.3 Owner Engineer supervision report, completion and acceptance certificates</p>	<p>sufficient capacities for that</p>
<p><b>Output 1</b></p> <p><b>relating to Outcome 4</b></p>	<p>4.1 Improved capacities of relevant stakeholders for Energy sector governance, planning, procurement, and regulation for a low emission power system transformation</p>	<p>4.1.1 Number of power system expansion planning processes and products enhanced</p> <p>4.1.2 Number of draft technical power system planning and operating procedures for integrating renewable energy enhanced</p> <p>4.1.3 Number of studies and draft regulations that have advanced regulation, market reforms and the enabling framework for electricity access</p>	<p>4.1.1 =0 (2024)</p> <p>4.1.2 =0 (2024)</p> <p>4.1.3 =0 (2024)</p>	<p>4.1.1 =2 (2030)</p> <p>4.1.2 =2 (2030)</p> <p>4.1.3 =6 (2030)</p>	<p>4.1.1 Technical submissions of GET.transform and its partners (e.g. energy planning diagnostics, energy modelling, scenario development, delivery and implementation of Energy Transition processes, enhancing institutional arrangement and governance).</p> <p>4.1.2 Technical submissions of GET.transform and its partners (e.g. grid integration roadmaps and standards, flexibility and stability studies, grid codes, enhanced power sector transformation processes)</p> <p>4.1.3 Submission of contributions by GET.transform and its partners (e.g. regulatory design for IPP and distributed generation, IPP tendering mechanism, de-risking of on-grid segment international experience,</p>	<p>Mozambique remains committed to the achievement of power sector goals and allocate resources to the promotion of sustainable energy systems;</p> <p>Public sector partners are willing and have capacities to embark on comprehensive energy sector transformation processes and allocate resources to the promotion of sustainable energy systems;</p> <p>Institutional framework conditions are not negatively affected by e.g. political conflicts, external shocks etc. in processing resulting products in due time;</p> <p>Provided support adequately addresses scepticism and build capacity in partner entities;</p>

					strategies, background studies, mini-grid procurement system, regulatory streamlining, de-risking of off-grid segment, international experience)	
<b>Output 2 relating to Outcome 4</b>	4.2 Improved capacity of private sector organisations and companies for private investment in clean energy in Mozambique and facilitation of access to energy market	<p>4.2.1 Number of clean energy investment and energy access projects coached and advised, disaggregated into women and men-led projects</p> <p>4.2.2 Number of prospective clean energy investment and energy access projects taken up in the project pipeline by financing institutions, disaggregated into women and men-led projects</p> <p>4.2.3 Number of knowledge products (out of which 1 that include a specific focus on gender-responsive approaches to financing clean energy) to advise financiers and donors on developing and assessing the applicability of various financing mechanisms, including guarantees available.</p> <p>4.2.4 Number of matchmaking meetings held in supported industry information events.</p>	<p>4.2.1=0 (2024)</p> <p>4.2.2 =0 (2024)</p> <p>4.2.3 =0 (2024)</p>	<p>4.2.1=23 (2030)</p> <p>4.2.2 = 11 out of 23 from 4.2.1 (2030)</p> <p>4.2.3 = 4 (1 focus on gender) (2030)</p>	<p>4.2.1 Agreements of Advisory Services with project developers / companies; internal project documentation and monitoring data</p> <p>4.2.2 Confirmation by financing institutions and supported projects/companies</p> <p>4.2.3 Documentation of knowledge products</p>	<p>Demand for clean energy and GET.invest support remains high and continues to grow;</p> <p>Supported projects will be implemented in good time by the submitting parties;</p> <p>On average one in two projects taken up by financing institutions reaches financial close;</p> <p>Tailored support and embedding in partnership approach mitigate relatively higher specific risks with new target groups;</p> <p>Financing institutions cooperate and desire concrete support in pipeline development</p> <p>Bussiness ssociations continue to cooperate and remain interested in support; offered support remains relevant and usable for stakeholders;</p>

<b>Output 3</b>  <b>relating to</b>  <b>Outcome 4</b>	4.3 Enhanced capacity, including funding, for energy technology and service providers in Mozambique to expand their Solar Home Systems (SHS)/Improved Cook Stoves (ICS) business activities to remote rural areas and provide access to energy for vulnerable people	4.3.1 Number of companies have received LNOB incentives via FASER  4.3.2 Status of the study on the Relevance of the LNOB window in ensuring the access to energy for vulnerable population in Mozambique	4.3.1: 0 (2024)  4.3.2: None (2024)	4.3.1: 4 (2030)  4.3.2: Done according to ToRs developed by the Action, including... (2030)	4.3.1 List of companies that have entered into an RBF Fund contract to receive the LNOB incentive in FASER  4.3.2 Study and its stakeholder response	The ICS/Solar PV private sector continues to expand and provide customer service in harder to reach, rural areas. New small scale RE providers start businesses.
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## 4 IMPLEMENTATION ARRANGEMENTS

### 4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the partner country.

### 4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is **72 months** from the date of entry into force of the financing agreement. Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements in duly justified cases.

### 4.3 Implementation of the Budget Support Component

N/A

### 4.4 Implementation Modalities

The Commission will ensure that the EU rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures<sup>17</sup>.

#### 4.4.1 Indirect Management with an entrusted entity

##### 4.4.1.1 Indirect Management with the Swedish International Development Cooperation Agency (SIDA)

A part of this action may be implemented in indirect management with the Swedish International Development Cooperation Agency (SIDA). This implementation entails outcome 3 of this action: Restore socio-economic opportunities through access to electricity in the Northern part of Cabo Delgado province. The envisaged entity has been selected using the following criteria:

- Technical competence in the energy sector and leverage for policy dialogue
- Established presence in Mozambique, including logistical and management capacities
- Administrative capability and the experience to implement this type of intervention due to its mandate and expertise;
- Experience with management of delegated funds from the EU
- Strategic relevance for EU multilateral engagement (link with TEI Green Deal for Mozambique)
- Demonstrated capacity to coordinate with various stakeholders.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in indirect management with another entity of the TEI Green Deal for Mozambique. The implementation by this alternative entity would be justified because of the same criteria.

##### 4.4.1.2 Indirect Management with GIZ

A part of this action may be implemented in indirect management with GIZ. This implementation entails outcome 4 of this action: improve the conditions for investments in the Mozambican energy sector, especially in the off-grid market. The envisaged entity has been selected using the following criteria:

- Technical competence in the energy sector and leverage for policy dialogue

<sup>17</sup> [www.sanctionsmap.eu](http://www.sanctionsmap.eu). Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

- Established presence in Mozambique, including logistical and management capacities
- Administrative capability and the experience to implement this type of intervention due to its mandate and expertise;
- Experience with management of delegated funds from the EU.
- Strategic relevance for EU multilateral engagement (link with TEI Green Deal for Mozambique)
- Demonstrated capacity to coordinate with various stakeholders.

If negotiations with the above-mentioned entity fail, that part of this action may be implemented in indirect management with another entity of the TEI Green Deal for Mozambique. The implementation by this alternative entity would be justified because of the same criteria.

#### 4.4.2 Contribution to the Africa Investment Platform

This contribution may be implemented under indirect management with the entities, called Lead Finance Institutions, identified in the appendix to this Action Document.

The European Investment Bank (EIB) will be responsible for the implementation of outcome 1, increase renewable energy generation capacity in the Centre of the country, and outcome 2, enable the supply of renewable energy to new EDM customers in the Center and the North of the country.

#### 4.4.3 EFSD+ operations covered by budgetary guarantees

A part of this action may be implemented through budgetary guarantees under indirect management. The budgetary guarantees would fall within the following priority areas “Growing Green” of the MIP 2021-2027, in particular to its Specific Objective 3 “Mozambique increases its low-carbon, climate-resilient and sustainable infrastructure”.

This section 4.4.3 is included for information purposes only. A comprehensive action plan covering all EFSD+ budgetary guarantees and the financing decision for the entire annual commitment under the EFSD+ budget line are adopted separately.

### 4.5 Indicative Budget

<b>Indicative Budget components</b>	<b>EU contribution 2024 (amount in EUR)</b>	<b>EU Contribution 2025 (amount in EUR)</b>	<b>Third-party contribution, in currency identified</b>
<b>Implementation modalities</b> – cf. section 4.4			
<b>Outcome 1</b> composed of			
Contribution to the Africa Investment Platform – cf. section 4.4.2 – European Investment Bank	5 000 000	10 000 000	
<b>Outcome 2</b> composed of			
Contribution to the Africa Investment Platform – cf. section 4.4.2 – European Investment Bank	5 000 000	5 000 000	
<b>Outcome 3</b> composed of			
Indirect management with Swedish International Development Cooperation Agency (SIDA) - cf. section 4.4.1.1	10 000 000	5 000 000	15 000 000
<b>Outcome 4</b> composed of			
Indirect management with GIZ - cf. section 4.4.1.2	10 000 000		3 000 000
<b>Totals</b>	30 000 000	20 000 000	18 000 000



## 4.6 Organisational Set-up and Responsibilities

A Steering Committee is to be established to oversee the management and decision-making processes of the overarching action. Chaired by the Ministry of Mineral Resources and Energy, it will have administrative support provided by the National Directorate of Energy (DNE), responsible for sector supervision and implementing the Energy Transition Strategy. Additionally, the Integrated Planning and Coordination Unit for Electrification (UIPCE) and EDM will be part of the secretariat. The committee will be convened annually (ad hoc meeting might be organised in case of urgent decision to be taken) and comprise all donors, implementing partners, major stakeholders, as well as representatives from the private sector, facilitated by the Mozambican Renewable Energy Association (AMER).

Technical Committees will be established for each outcome. EDM will chair the committee for outcome 1, with secretariat support provided by the Project Implementation Unit (PIU) set up for the project. Meetings will occur every three months and will draw upon information from monthly supervision meetings overseen by the Owner's Engineer. Local authorities impacted by the projects will be engaged in the technical committee.

A similar structure will be implemented for outcomes 2 and 3, albeit without the involvement of the PIU.

A separate technical steering committee will oversee outcome 4, with the Integrated Planning and Coordination Unit for Electrification (UIPCE) chairing the committee and the Mozambican Renewable Energy Association (AMER) providing facilitation. Key contributors to this committee will include ARENE, FUNAE, and the FDC responsible for FASER. Representing the main implementers of the activities, the three GIZ programs—GET.invest, GET.Transform, and ENDEV—will also have representation in the committee.

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the above governance structures set up for governing the implementation of the action and may sign or enter into joint declarations or statements, for the purpose of enhancing the visibility of the EU and its contribution to this action and ensuring effective coordination.

For outcomes 1 and 2, the European Investment Bank (EIB) will enter into a loan agreement and an accompanying grant agreement with the Ministry of Finance (MEF). There is a possibility for these agreements to be co-signed by EDM. Co-funders will enter separate agreement with MEF and EDM.

In relation to outcome 3, the Swedish International Development Cooperation Agency (SIDA) will establish a financing agreement with the Ministry of Foreign Affairs to cover contributions from both the EU and SIDA.

For outcome 4, GIZ will establish an agreement with the Ministry of Mineral Resources and Energy. GIZ will also sign implementation agreements with partners:

## 4.7 Pre-conditions

N/A

# 5 PERFORMANCE MEASUREMENT

## 5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this Action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

Outcomes 1, 2 and 3: the entrusted entities will have full responsibility, in partnership with the EDM and the respective project's Owner Engineers to collect, analyse, monitor and report on data relevant for the monitoring of the indicators stated out in the logframe of the action.

Outcome 4: the entrusted entities will have full responsibility, in partnership with ARENE, FUNAE and FASER to collect, analyse, monitor and report on data relevant for the monitoring of the indicators stated out in the logframe of the action.

The Direction National for Energy of the MIREME as supervisor of the energy sector and the implementation of the Energy Transition Strategy will be the recipient of all data collected. Data will be shared in the framework of the Action's Steering Committee.

All monitoring and reporting shall assess how the action is considering the principle of gender equality, human rights-based approach, and rights of persons with disabilities including inclusion and diversity. Indicators shall be disaggregated at least by sex whenever possible and meaningful and age and disability where feasible.

## 5.2 Evaluation

Having regard to the nature of the Action, one mid-term and one final evaluations may be carried out for this Action or its components via independent consultants contracted by the Commission.

It will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the fact that this Action

- marks the return of sovereign lending for the energy sector,
- is implemented within the ambitious context of the Mozambican Energy Transition Strategy and Energy for All programme,
- is critical for the restoration of economic opportunities and peace in Cabo Delgado
- will contribute to the TEI Green Deal for Mozambique

The Commission shall inform the implementing partner at least 2 months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports may be shared with the partners and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, apply the necessary adjustments.

Evaluations shall assess to what extent the action is taking into account the human rights-based approach as well as how it contributes to gender equality and women's empowerment and disability inclusion. Expertise on human rights, disability and gender equality will be ensured in the evaluation teams

Evaluation services may be contracted under a framework contract.

## 5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

# 6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources.

In line with the 2022 "[Communicating and Raising EU Visibility: Guidance for External Actions](#)", it will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states.

However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

## Appendix 1 REPORTING IN OPSYS

A Primary Intervention (project/programme) is a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Identifying the level of the primary intervention will allow for:

Articulating Actions or Contracts according to an expected chain of results and therefore allowing them to ensure efficient monitoring and reporting of performance;

Differentiating these Actions or Contracts from those that do not produce direct reportable development results, defined as support entities (i.e. audits, evaluations);

Having a complete and exhaustive mapping of all results-bearing Actions and Contracts.

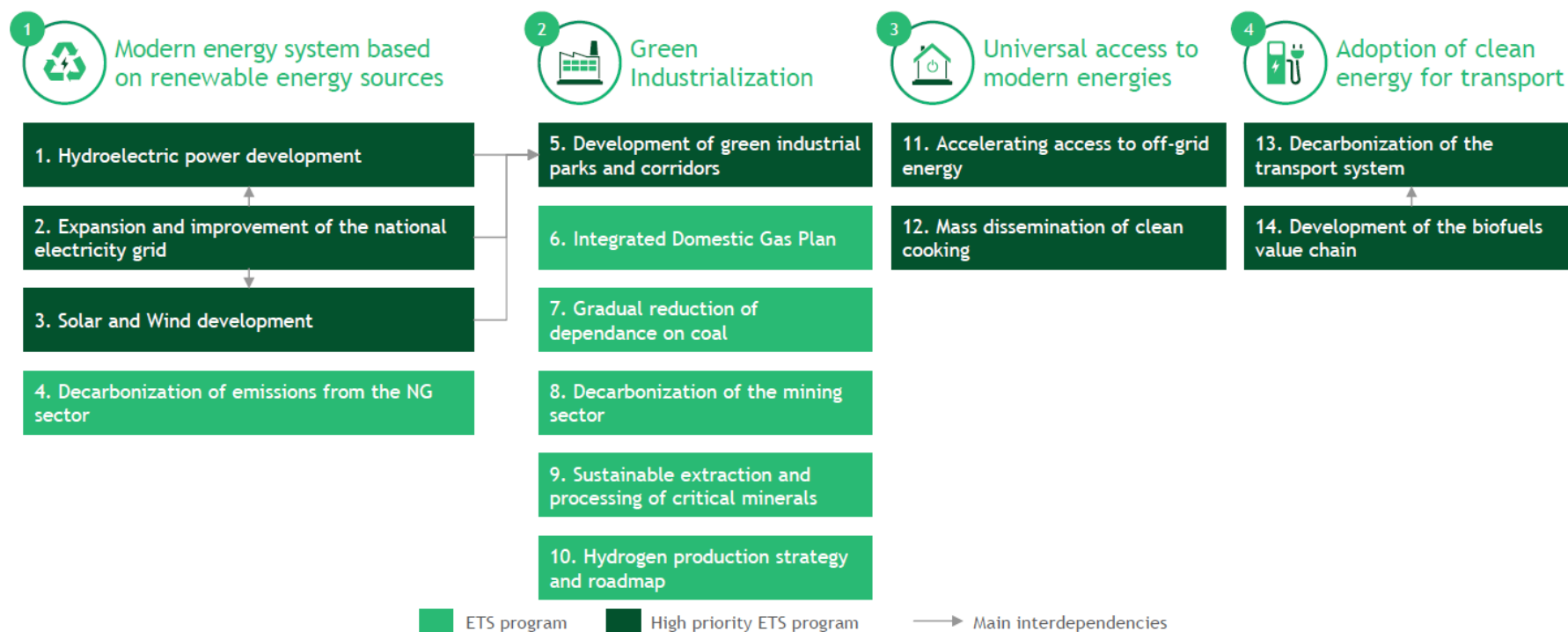
Primary Interventions are identified during the design of each action by the responsible service (Delegation or Headquarters operational Unit).

The level of the Primary Intervention chosen can be modified (directly in OPSYS) and the modification does not constitute an amendment of the action document.

The intervention level for the present Action identifies as (tick one of the 4 following options);

Contract level		
<input checked="" type="checkbox"/>	Single Contract 1	Blending contribution agreement with EIB (Outcome 1 and 2)
<input checked="" type="checkbox"/>	Single Contract 1	Contribution agreement with the Swedish International Development Cooperation Agency (SIDA)
<input checked="" type="checkbox"/>	Single Contract 2	Contribution agreement with GIZ

## Appendix 2: 4 pillars and 14 programmes of the Energy Transition Strategy



Source: GoM Energy Transition Strategy

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## Appendix 3: Indicative list of Eligible financial institutions

Eligible financial institutions to submit blending proposals to the Africa Investment Platform for the implementation of activities under the proposed action.

Acronym of Legal Entity	Legal Entity (sub-entities covered (if any) via hyperlink
ADB	Asian Development Bank
AfDB	African Development Bank
AU-IBAR	African Union
CABEI	Central American Bank for Economic Integration
CIFOR	Centre for International Forestry Research
DBSA	Development Bank of Southern Africa
EADB	East African Development Bank
EBRD	European Bank for reconstruction and development
EDFI	European Development Finance Institutions <sup>18</sup>
EIB	European Investment Bank
EIF	European Investment Fund
IADB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
NEFCO	Nordic Environment Finance Corporation
OIE	World Organisation for Animal Health
SPC	The Pacific Community
SPREP	South Pacific Regional Environment Programme
TDB	The Eastern and Southern African Trade and Development Bank
WBG	World Bank Group (IBRD, IDA, IFC, MIGA, ICSID)
WFP	World Food Programme

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<sup>18</sup> EDFI is an association of 15 bilateral European development finance institutions with a private sector mandate. These institutions are the Belgian Investment Company for Developing Countries (BIO), the CDC Group, Compañía Española de Financiación del Desarrollo (COFIDES), the German Investment and Development Corporation (DEG), the Finnish Fund for Industrial Cooperation (FINNFUND), the Netherlands Development Finance Company (FMO), Denmark's Investment Fund for Developing (IFU), the Norwegian Investment Fund for Developing Countries (Norfund), the Development Bank of Austria (OeEB), France's Proparco, the Belgian Corporation for International Investment (SBI-BMI), the Swiss Investment Fund for Emerging Markets (SIFEM), Società Italiana per le Imprese all'Estero (SIMEST), Portugal's Sociedade para o Financiamento do Desenvolvimento (SOFID) and Swedfund International AB.



Acronym	National Agency, Country
AECID	Agencia española de cooperación internacional al desarrollo, Spain
AFD	Agence française de développement, France
BIO	Belgian Investment Company for Developing Countries
CDP	Cassa depositi e prestiti S.p.A., Italy
COFIDES	Compañía española de financiación del desarrollo, Spain
DEG	Deutsche Investitions- und Entwicklungsgesellschaft mbH, Germany
FMO	Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden, Netherlands
KfW	Kreditanstalt für Wiederaufbau, Germany
PROPARCO	Groupe Agence Française de Développement, France
RVO	Rijksdienst voor Ondernemend Nederland (Netherlands Enterprise Agency), Netherlands
SIMEST	Società Italiana per le Imprese all'Estero, Italy
USAID	United States Agency for International Development, USA