



**MILLENNIUM DEVELOPMENT AUTHORITY (MiDA)**

**GHANA COMPACT II**

**Quarterly Progress Report**

**September 2015**

**Ghana Compact II Theme**  
***"Powering Ghana for Accelerated and Sustainable  
Economic Growth"***

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## GLOSSARY OF ABBREVIATIONS

AgDevCo	Africa Agricultural Development Company
CAPScan	Capacity Scan
CIF	Compact Implementation Funding
CP	Condition Precedent
EC	Energy Commission
ECG	Electricity Company of Ghana Ltd
EIF	Entry-into-Force
ESP	Environmental and Social Performance
FAP	Fiscal Accountability Plan
FASA	Financial Advisory Services Agreement
GIS	Geographic Information System
GMP	Gas Master Plan
GoG	Government of Ghana
GPN	General Procurement Notice
GSI	Gender and Social Inclusion
IEA	Implementing Entity Agreement
IFC	International Finance Corporation
IPP	Independent Power Producer
IRP	Integrated Resource Planning
IWAD	Integrated Water Management & Agricultural Development
LNG	Liquefied Natural Gas
LoI	Letter of Invitation
LPO	Local Purchasing Order
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
MiDA	Millennium Development Authority
MoF	Ministry of Finance
MoP	Ministry of Power
MoPe	Ministry of Petroleum
NEDCo	Northern Electricity Distribution Company Ltd

PIA	Program Implementation Plan
PSP	Private Sector Participation
PURC	Public Utilities Regulatory Commission
PUWU	Public Utility Workers Union
RFP	Request for Proposals
SADA	Savannah Accelerated Development Authority
SAP	System Application Product
GSEP	Global Sustainable Electricity Partnership
SGIP	Social and Gender Integration Plan
SPN	Special Procurement Notice
TA	Technical Assistant
TEN	Tweneboa, Enyenra, and Ntomme
TOR	Terms of Reference
TP	Tariff Plan
RfEOI	Request for Expression Interest
TSR	Transaction Structure Report
VRA	Volta River Authority

## EXECUTIVE SUMMARY

### *Introduction*

This Progress Report covers the period from July 1 to September 30, 2015 and highlights activities that have been undertaken by the Millennium Development Authority (MiDA) towards the implementation of the Compact. These include activities related to the following:-

1. Conditions Precedent to Entry into Force and First Disbursement of Program Funding
2. Program Activities
3. Environment and Social Performance
4. Gender and Social Inclusion
5. Monitoring and Evaluation
6. Communications and Outreach
7. Procurement
8. Financial Management
9. Legal and Governance

The report also covers critical issues related to Entry Into Force and Government approvals. It concludes with projections for the next quarter.

### *Conditions Precedent to Entry Into Force*

The status of Conditions Precedent to Entry into Force and Initial Disbursement are given in the table below. The Compact is now expected to enter into force by January 2016.

<b>Status of CPs to Entry Into Force</b>	
<b>Condition Precedent</b>	<b>Status</b>
The Program Implementation Agreement must have been signed	Complete
GoG must deliver letter confirming that all domestic requirements necessary for EIF are complete.	Pending
GoG must produce a signed legal opinion from the Attorney General	Pending. Action initiated
GoG must give to MCC complete, certified copies of governmental documents necessary for Compact and PIA to Enter-into-Force	Partly Complete/Pending
The Government must not have engaged in actions inconsistent with the eligibility criteria for MCC Funding	On track No problems anticipated
The tender documents for an Acceptable ECG PSP Transaction have been released for selection through an open and transparent process	Pending. Action in progress

Substantial compliance with the Gas Action Plan	In progress
A long term Gas Sector Master Plan has been approved by GoG	Pending. Action in progress
Substantial compliance with the Electric Distribution Utility Payment Action Plan	On track
Approval and implementation of quarterly tariff adjustments	On track

<b>Status of CPs to First Disbursement (Program Funding)</b>	
<b>Condition Precedent</b>	<b>Status</b>
The Compact should have entered into force	EIF anticipated to be January 2016
Key Staff Members should have been engaged	Completed
MiDA is conducting its operations and management in accordance with the Governing Documents	On track
MiDA must have an approved Fiscal Accountability Plan	Complete
MiDA must have an approved M& E Plan	Pending. Action in progress
MiDA must have an Implementation Plan	Pending. Action in progress

### **Program and Related Activities**

MiDA achieved significant progress in scheduled program in respect of all the activities it must complete before Entry into Force of Compact 2, which is expected to occur early in 2016. These included studies, the engagement of consultants, and the implementation of pre-EIF plans. Other achievements over the quarter include:

- The completion of a draft Environmental and Social Management System, ESMS, which has been sent to MCC for review, to guide the entire program
- The completion of a draft Terms of Reference for the engagement of a consultant to formulate a Gender and Social Inclusion Plan for the project. The TOR is under review by both MCC and the Ministry of Gender, Children, and Social Protection
- The completion of a draft Compact II M&E Plan, which is under review by MCC. The process for engaging a Data Quality Review consultant has also been completed. Consultant will commence the review within the next quarter
- MiDA has received a draft Communication Plan. The plan is under review for adoption. Meanwhile vigorous communications on Compact II started in earnest with media and key stakeholder consultations. On occasion MiDA moved to correct

erroneous impressions created by some stakeholders such as the Public Utility Workers Union (PUWU)

- The quarter witnessed substantial progress in procurement activities; TORs were prepared for four (4) consulting jobs, specific procurement notices were issued for an Individual Consultant for define Geographic Information System (GIS) for ECG and work related to the REOI for the ECG PSP Activity
- Financial commitments of \$8,726,424 to date representing 30.2% of the total CIF funds; the difference represented a 58.51% decrease over the previous quarter. The decrease is attributable to the time required to go through the procurement process. Total disbursement up to the end of the quarter showed a 112.88% increase over Q2. They were related to the ECG PSP Activity and administrative expenditures
- A number of internal policy documents were developed during the quarter. These include conflict of interest policy, confidentiality policy, harassment policy and the staff manual. A draft Implementing Entity Agreement with ECG was completed and forwarded to both ECG and MCC for review, pending negotiations

### Financial Management

Commitments and Disbursements for CIF Qtr. 3 were as follows:-

	CIF Qtr 2	CIF Qtr 3	% Increase/ (Decrease)	CIF Inception to Date	% CIF Funds
	US\$	US\$		US\$	
Commitments	4,686,162	1,944,082	(58.51)	8,726,424	30.2
MCC Disbursements	1,123,277	2,391,239	112.88	3,962,883	13.7
Cash in Hand (end-Qtr)	330,128	311,478	-	-	-

### Critical Issues

The following are critical issues that demand attention in the next quarter:

- A number of the Conditions Precedent to EIF are still outstanding. In order to meet these Conditions and be fully prepared to Enter into Force by January 2016, MiDA will require the Government's assistance and support
- GoG's support will also be critical in the submission of the Gas Master Plan by MoPe to Cabinet for adoption and approval
- Collaboration from PURC is required to ensure the development and implementation of the tariff plan and avoid delays to the submission of the ECG PSP feasibility report or the Transaction Structure Report

- There is currently no consistent application of the Tax Exemption provisions in the Compact. According to the Tax Policy Unit of Ministry of Finance, all exemptions will be done on ad-hoc basis at the Ministry until the issue of the constitutional provisions under which the compact was approved by Parliament is resolved. This situation is bound to delay the implementation of Compact 2
- GoG substantially reduced MiDA's 2015 Budget request which included pre-Compact outstanding rent. Even the approved amounts, insufficient as they are, are not forthcoming. This poses serious threats to MiDA's ability to operate
- There is a critical need for key GoG officials such as the Ministers of Power and Finance, and other senior public officials to consistently, communicating GoG's support for the PSP and the Compact in general

### *Projections for Next Quarter*

Implementation activities will continue to gather momentum as MiDA approaches Entry Into Force. Key focus areas include the following:

- It is expected that all IEAs which are Conditions Precedent to Program Funding disbursements will be signed in the next quarter
- We also expect IFC to deliver the Transaction Structure Report and the Memo for the submission of the Feasibility Study (TSR) to PPP, organize a TSR Workshop in November, 2015 and hold a 3<sup>rd</sup> and final PSP Workshop and possibly a Road Show
- Necessary procurements will be undertaken for the commencement of the GIS work, the SGIP, the M&E Plan and the Tariff Study; the defining of the Access Project and the redesign of the NEDCo project.
- The ESMS will be further refined in order to have an approved ESMS ahead of the second disbursement of Program Funding
- A Global Sustainable Electricity Partnership (GSEP)/IFC/MiDA PPP Workshop will be held at Labadi Beach Hotel, Accra on November 16 – 17, 2015
- MiDA will reach out to a number of Traditional Rulers in the Southern Zone of Ghana to inform them about the Compact and solicit their views and support



# GHANA COMPACT II

## Progress Report

September 2015

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### 1.0 INTRODUCTION

On 5<sup>th</sup> August 2014, the Millennium Challenge Corporation Compact between the Republic of Ghana and the United States of America was signed. The goal of the Compact is to reduce poverty through economic growth in Ghana; and its objectives are to:

- a. increase private sector investment and the productivity and profitability of micro, small, medium and large scale businesses
- b. increase employment opportunities for men and women
- c. raise earning potential from self-employment and improved social outcomes for men and women.

The Compact Program has a budget of \$469.3 million consisting of two Tranches of Program Funding as well as Compact Implementation Funding (CIF) of \$28.9 million. In addition, there will be a Government of Ghana (GoG) contribution of no less than 7.5% (i.e. \$23.115 million at the Tranche I stage and an additional \$14.250 million upon satisfaction of the Conditions Precedent to the initial Tranche II Funding Disbursement).

Following the signing of the Compact and having met certain Conditions Precedent (CPs) to Implementation Funding, the Millennium Development Authority (MiDA) as the designated Accountable Entity for the implementation of the Compact entered the Compact Implementation Funding (CIF) period. In this reporting period, which marks the 3<sup>rd</sup> Quarter of CIF, key activities have been undertaken. These include activities related to Conditions Precedent to Entry into Force of the Compact and First Disbursement of Program Funding; Program Activities; Environment and Social Performance; Gender and Social Inclusion; Monitoring and Evaluation; Communications and Outreach; Procurement; Financial Management; and Legal and Governance. Specific details are provided below.

The most significant program activity relates to the Financial Advisory Services Agreement with the International Finance Corporation (IFC) to provide Transaction Advisory Services to the Government of Ghana in relation to Private Sector Participation (PSP) in ECG. This contract was signed on July 6, 2015, and a Request for Expression of Interest (RfEOI) in the ECG Concession was published on September 29 & 30 2015.

## **2.0 CONDITIONS PRECEDENT TO ENTRY INTO FORCE AND FIRST & SECOND DISBURSEMENT**

The key Conditions Precedent (CPs) to EIF are that before Entry Into Force, the Government of Ghana must have delivered to MCC evidence:

1. That the tender documents for an Acceptable ECG PSP Transaction have been released for selection through an open and transparent process
2. Of substantial compliance with the Gas Action Plan
3. That a long term Gas Sector Master Plan has been approved by GoG
4. Of substantial compliance with the Electric Distribution Utility Payment Action Plan
5. Of approval and implementation of quarterly tariff adjustments

### **2.1 ECG PSP Transaction**

GoG by a letter from the Cabinet Secretary confirmed its decision to have a long term Concession in respect of PSP in ECG. Following this, MiDA signed a contract with the International Finance Corporation (IFC) for the provision of Transaction Advisory Services to the Government of Ghana. The IFC contract became effective on July 6<sup>th</sup> 2015. IFC delivered a draft Due Diligence Report in September 2015. A Request for Expression of Interest was also published on 30<sup>th</sup> September 2015. The next deliverable from IFC is the Feasibility Report, also called the Transaction Structure Report, is now expected to be delivered by November 2, 2015. Based on the progress of work, it is now expected that the tender documents will be launched in January 2016.

### **2.2 Gas Action Plan**

While key milestones contained in the GAP, such as completion of the Jubilee infrastructure and the signing of Commercial Gas Agreements have been achieved. The Jubilee post-foundation and TEN agreements were not executed by September 30, 2015 as expected. New timelines are now being set for achieving these milestones.

### **2.3 Gas Master Plan**

The Gas Master Plan (GMP) was completed by Economic Consulting Associates and submitted to the Ministry of Petroleum in the last quarter of 2014. GoG stakeholders reviewed the GMP and held a workshop on September 25, 2015 to collate and consolidate comments. MoPe will present the updated GMP to Cabinet for adoption and approval.

### **2.4 Utility Arrears Plan**

The Ministry of Finance provided an interim Utilities Arrears Plan on May 13, 2015. In accordance with the plan, GoG made the third quarterly payment of GHS36 million August 2015. The fulfilment of this CP is on track.

## 2.5 Quarterly Tariff Adjustments

On 30th June 2015, the PURC announced an increase of 51.73% in electricity tariffs, effective July 1, 2015. However, PURC deferred application of the increase, giving prevailing power crisis as the reason for not passing on the increase to customers. PURC defends the deferment as within its mandate.

## 2.6 MiDA Staffing

The under-listed key MiDA Staff reported during the quarter.

Job Title	Name	Start Date
HR/ Admin Manager	Ernest Appiah	July 1, 2015
IT Manager	Mohammed Tanko	July 1, 2015
ESP Director	Benjamin Opoku	July 20, 2015
General Counsel	Yvonne Fiadjoe	July 20, 2015
EFOT Manager	Samuel Asare Afram	August 17, 2015

As at the end of September 30, 2015, a total of fifty eight (58) staff had been engaged by MiDA and forty one (41) were at post.

## 2.7 Preparation of Required Plans and Agreements

The Plans and Agreements required to be in place before the disbursement of Program Funding include:-

- **Fiscal Accountability Plan (FAP)**

FAP was completed and is being used

- **Project Implementation Plan (PIP)**

The PIP consists of the following:

- (i) Work Plan - Draft completed
- (ii) Detailed Financial Plan - Draft completed
- (iii) Audit Plan - Draft completed
- (iv) Procurement Plan - Draft completed

- **Monitoring and Evaluation Plan (M&E Plan)**

A draft Monitoring and Evaluation Plan was submitted to MCC for comments. The Plan will be further updated when the Data Quality Review consultant is on board.

- **Tariff Plan (TP)**

Within a year of EIF, GoG is expected to put in place a Tariff Plan (TP) after a comprehensive tariff review or study.

During the quarter, MiDA received comments on the Terms of Reference for the Tariff Study from PURC and forwarded same to MCC. The TOR is being finalized so the Request for Proposals (RFP) can be launched and a consultant recruited.

- **Environmental and Social Management System (ESMS)**

A draft ESMS Plan was developed and submitted to MCC ESP on September 30, 2015 for review. It is expected that an MCC mission will be in Ghana in late October 2015 to complete review of the draft Plan.

- **Integrated Resource Plan (IRP)**

MiDA, MCC, and USAID agreed that USAID would undertake this Compact activity. ICF has submitted a proposal to USAID to undertake the study.

In the meantime, MiDA received copies of an old IRP and an IPP Solicitation Plan from Energy Commission and forwarded same to MCC for review and appraisal. MCC would determine whether the two documents contain sufficient detail to meet the CP's requirements.

- **Social and Gender Integration Plan (SGIP)**

Terms of Reference for the Social and Gender Integration Plan (SGIP) was developed and submitted to MCC for comments. The TOR has gone through several revisions. MiDA also submitted a copy of the draft TOR to the office of the Hon. Minister, Nana Oye Lithur, for comments. It is expected that the TOR would be finalized by October 2015 so the procurement could be launched.

- **IPP Solicitation Plan**

Please see comment under Integrated Resource Plan above.

- **Implementing Entity Agreements (IEAs)**

All Implementing Entity Agreements are at the draft stage. The most significant of these, the ECG IEA, was completed and forwarded to ECG and MCC pending negotiations.

### **3.0 PROGRAM ACTIVITIES**

#### **3.1 ECG Financial Operational Turnaround Project (EFOT)**

##### **(a) *Private Sector Participation Activity***

- IFC's start date and main kick-off meeting came off on July 6, 2015

- The first PSP Workshop was held on August 10, 2015 in Accra
- The second PSP Workshop on Major GoG policy decision was held on September 9, 2015 in Accra
- The draft Due Diligence report on ECG was delivered on September 4, 2015
- Market Sounding document was issued during the reporting period
- ECG PSP registered as a PPP project with MoF-PID on September 25 through the registration of the Project Concept Note
- The Request for Expression of Interest (**RfEOI**) was published on 30<sup>th</sup> September 2015
- The draft Transaction Structuring Report is expected to be submitted in early November 2015.

**(b) *Modernizing Utility Operations***

- *ToR for Individual Consultant for GIS Work*

Letter of Invitation (LOI) for the procurement of an Individual Consultant to assist in developing GIS scope of work was issued. Closing Date for Expression of Interest set for October 16, 2015.

- *ToR for Project Management Consultant (PMC)*

Draft Terms of Reference for procurement of Project Management Consultant developed. The document would be finalized within the next quarter.

**3.2 NEDCo Financial Operational Turnaround Project (NFOT)**

- An MCC team was in Ghana from 20<sup>th</sup> Sep - 1 Oct 2015 to conduct an assessment toward the redesign of the NEDCo Financial and Operational Turnaround Project. The NEDCo redesign would be concluded by end of November, 2015
- Meetings were held between MCC/MiDA and SADA, NEDCo, IWAD, AgDevCo, AFD to discuss the NEDCo redesign. Tremendous progress was made in respect of the NEDCO redesign

**3.3 Regulatory Strengthening and Capacity Building Project**

**(a) Sector Performance Monitoring Capacity Building Activity**

Draft Terms of Reference (ToR) for Capacity Scan (CAP-Scan) was developed and forwarded to MCC for review and comments.

## **(b) Tariff Review and Regulation Activity**

A draft ToR for Tariff Studies was prepared and submitted to PURC for comments. MiDA received PURC's comments which required a rework of the TOR. The TOR will be completed and procurement launched in the next quarter.

## **3.4 Access Project**

- Scope of the project and the specific project sites were yet to be defined. MCC offered to use 609(g) funds to procure consultants to complete preparatory work. Consultant will be procured in the next quarter.

## **3.5 Power Generation Sector Improvement Project**

- (a) Operationalize the "Gas to Power" Value Chain Activity
- Despite several follow ups and reminders, MiDA was yet to receive responses to request for:
- a timeline for GoG's formal approval of the GMP
  - a list of additional Gas Sector activities that the Compact could support to complement Nexant's current work in the sector.

This matter will be pursued in the next quarter.

## **4.0 ENVIRONMENTAL & SOCIAL PERFORMANCE**

Due to time requirements in respect of procuring a consultant for this work, MiDA opted to develop the Environmental and Social Management System (ESMS) in house with the assistance of MCC. ESP support staff assumed duty earlier than scheduled in order to assist the Director/ESP. Initial draft of ESMS submitted on September 30, 2015 for MCC ESP review.

## **5.0 GENDER AND SOCIAL INCLUSION**

- During the period under review, GSI Director made a presentation on Gender and Social Inclusion and its importance at the MiDA Management meeting held on August 4, 2015
- A Social and Gender Assessment Officer (SGAO) was recruited in July 2015. She will report at the beginning of November 2015

## **6.0 MONITORING AND EVALUATION**

- A first draft of the Compact 2 M&E Plan (including output and outcome indicators) was prepared and forwarded to MCC M&E for review and comments
- The evaluation of the technical proposals for the Data Quality Review Contract was completed on September 10, 2015. Contract will be signed in the next quarter

## **7.0 COMMUNICATION AND OUTREACH**

The following describes the communication and outreach activities carried out by the Communications and Outreach department within the period under review.

### **7.1 Communication**

#### ***7.1.1 PUWU Press Statement & Rejoinder***

- ECG workers, through their local union PUWU, published a full page article in three newspapers – the Ghanaian Times (July 21, 2015), Daily Guide (July 21, 2015) and Daily Graphic (July 22 2015). The publications, which were also carried on some online media platforms, generated discussions on some radio stations. The PUWU press statement contained inaccurate information about MiDA and the PSP of ECG and thus required a response.
- MiDA responded through (a) a “holding” statement it placed in the July 27 publications of the three newspapers; and (b) a rejoinder correcting the PUWU errors and stating the facts of the PSP transaction in ECG. The rejoinder was also carried on radio discussion programs and various online news portals.

#### ***7.1.2 PSP Crisis Management Plan***

Following the PUWU publication, a mini crisis plan was drafted, submitted and later approved on August 18, 2015 to address potential crisis situations that could affect stakeholder support for the ECG PSP transaction.

#### ***7.1.3 Website Redesign***

During the quarter, arrangements for recruitment of a Consultant to redesign the MiDA website were pursued. The winning bidder commenced redesign activities in conjunction with MiDA

#### ***7.1.4 PSP of ECG Communications Plan***

Stratcomm/IFC submitted a draft communications plan for the PSP of ECG. The plan was reviewed and comments sent to IFC. Arrangements were made to implement the Plan.

#### ***7.1.5 Invest In Africa***

MiDA was officially enrolled onto the Invest in Africa platform. A news release was subsequently published in Business & Financial Times and Daily Graphic newspapers. Joining Invest in Africa offers MiDA an opportunity to work with both foreign and indigenous international firms to address shared challenges, create joint solutions and encourage Local content participation in its projects and activities.

### ***7.1.6 Media Interview on Anniversary of Compact 2 Signing***

Interviews were granted to Joy FM and Starr FM on the occasion of the first anniversary of the signing of Compact 2. The interviews with the Director of Communications and Outreach were broadcast during the 6pm prime time news bulletins on both stations. They provided the opportunity to share public information and explain MiDA's preparations towards Entry into Force of Compact 2.

## **7.2 Outreach**

### ***7.2.1 Visit to Former President J. A. Kuffour***

On July 7, The CEO, COO and other executives of MiDA paid a courtesy call on former President J.A Kufuor to thank him for honouring MiDA's invitation by attending the event celebrating the successes of Compact 1 and announcing the preparations for Compact 2, held at the Alisa Hotel on June 26, 2015.

### ***7.2.2 PSP Communications Greater Accra Engagement Meeting***

The final round of stakeholder engagement meetings facilitated by the PSP Communications team ended in Accra on August 4. Participants were from government security services, Metropolitan, Municipal and District Assemblies (MMDAs) and other government agencies. Participants were sensitised on the rationale for the PSP transaction in ECG. Attendance was poor, and MiDA noted the need to revise the format for future engagements.

### ***7.2.3 Parliamentary Select Committee on Mines and Energy***

A meeting with Parliament's select committee on Mines and Energy took place at the Lansdown Ibru Heights Hotel in Berekuso on July 20, 2015 with a majority of the members present. The CEO of MiDA gave a presentation on Ghana Compact 2, highlighting the PSP of ECG and explaining what was required of the committee to ensure the successful execution of the Compact. The meeting also provided MiDA the opportunity to respond to a petition submitted by PUWU to the select committee.

### ***7.2.4 Meetings with Leaders and Representatives of Religious Bodies***

As part efforts to deepen stakeholders' understanding and appreciation of the PSP in ECG, MiDA held meetings with the Catholic Bishops' Conference, Office of the National Chief Imam and the Ghana National Pentecostal Council. These provided opportunities for MiDA to explain the rationale for the PSP in ECG, answer questions, and note stakeholder concerns.

### ***7.2.5 ECG Board & MiDA Board Meeting***

A meeting between MiDA, led by the Board Chairman and the Ag. Board Chairman of ECG was held at Novotel on August 7<sup>th</sup> 2015. This was the first meeting, following public announcement of



the PSP transaction in ECG. The meeting came on the back of the ECG PUWU publication. Attendees agreed to work together and halt further media publications that pitch workers of ECG and MiDA against each other.

## **8.0 PROCUREMENT**

During the reporting period, two (2) procurement officers were hired and the Procurement Agent, Charles Kendall and Partners Ltd, continued to provide technical support to MiDA Procurement.

### **8.1 General Procurement Notice (GPN) - Compact Implementation Fund (CIF)**

The following GPNs were issued in both the print and electronic media:

- GPN No.2 for CIF Procurement Plan No.1, Amendment No.5 for the period March – September, 2015 (8<sup>th</sup> September, 2015); and
- GPN No. 3 for CIF Procurement Plan No.2 for the period October, 2015 – March, 2016 (23 September, 2015)

### **8.2 Specific Procurement Notice (SPNs)**

During the quarter, SPN was issued for the following procurements:

- *Data Quality Review Consultant* was issued on 29<sup>th</sup> June, 2015, 6<sup>th</sup> July 2015, 30<sup>th</sup> June, 2015, and on 3<sup>rd</sup> July, 2015
- *GIS Individual Consultant* was issued on 11<sup>th</sup> September, 2015, 14<sup>th</sup> September, and on 15<sup>th</sup> September, 2015

### **8.3 Procurements Undertaken**

The total sum of contracts placed by MiDA from July – September, 2015 for contracts above the USD 2,000 threshold was **USD 1,052,484.97** (See **Annex 2 for details**). Local Purchase Orders to the tune of **USD 8,281.17** were signed between July 1 and September 30, 2015 (See **Annex 3 for details**).

### **8.4 On-going Procurements**

See **Annex 1** for details

#### **Procurements at TOR Stage include:-**

- i. Tariff Study and Plan
- ii. Social and Gender Integration Plan
- iii. Project Management Consultant.
- iv. Capacity Scan

A request for Expression of Interest in ECG PSP Transaction was also published on 29<sup>th</sup> September & 30<sup>th</sup> September, 2015.

## 9.0 FINANCE

### 9.1 CIF Funds – (Commitments and Disbursements)

Commitments and Disbursements for CIF Qtr. 3 were as follows:-

	CIF Qtr 2	CIF Qtr 3	% Increase/ Decrease	CIF Inception to Date	% CIF Funds
	<i>US\$</i>	<i>US\$</i>		<i>US\$</i>	
Commitments	4,686,162	1,944,082	(58.15)	8,726,424	30.2
MCC Disbursements	1,123,277	2,391,239	112.88	3,962,883	13.7
Cash in Hand (end-Qtr)	330,128	311,478	-	-	-

Receipts from GoG to date	-	GHC 19,052
Receipts expected from GoG in 2015	-	\$7,885,000
Disbursement Request (CIF Qtr.4)	-	\$3,854,956

#### *Notes on Funding*

### 9.2 Commitments

Commitments of \$8,726,424 to date represented 30.2% of the total CIF funds. These funds represented signed contracts and payments under two areas, the ECG Financial and Operational Turnaround (EFOT) Project and Program Administration. The signed contract under the EFOT Project was for the ECG PSP Transaction Advisory Services.

### 9.3 Disbursements

Actual Disbursements in the Quarter showed a 112.88% increase over Q2. This was as a result of increase in the cost of the office set-up; the hiring of all the Management staff and the attendant increase of Program Administration outlay; as well as payments related to the Mobilization and the Inception Reports of the ECG PSP Transaction Advisory Services.

#### **9.4 Next Quarterly Disbursement Request**

The Disbursement Request for the 4th CIF Quarter (October – December 2015), representing commitments to contracts and amounting to \$3,854,956 was submitted to MCC on the due date of September 10, 2015 and is awaiting MCC’s approval of that Spending Authority.

#### **9.5 Ghana Government Payments and Budgets**

The Ministry of Finance finally received the cash ceiling for the Ghana Government contribution from the Controller and Accountant General’s Department (CAGD). Out of the approved budget of GHC 200,000 for 2015, Government released GHC 19,052 to MiDA for Rent and Consultancy fees. An additional warrant of GHC 86,182 was issued pending processing. The MiDA finance team also took part in the Ministerial Budget hearing at the Ministry of Finance where budget inputs for the 2016-2018 MTEF budget statement were submitted to the Office of Government Machinery (OGM).

#### **9.6 Administration/Human Resources**

- MiDA’s current staff strength as at end of quarter was forty (40). Three (3) additional persons, including the Internal Audit Director, were anticipated to join in October 2015.
- During the reporting period the HR Consultant’s duties were completed and both the Interview and the draft Final Project Reports were delivered. The draft Employee Handbook, Sexual Harassment Policy and Confidentiality Agreement are under review. Draft Employee Performance Management System was submitted to the Board at its last meeting on September 2, 2015, and was deferred for discussion.

#### **9.7 ICT Interventions**

ICT Unit together with Iron Vine Consultants installed the main servers, configured and distributed all official laptops and desktops, installed video conferencing equipment and presented the MCA-collaborative platform to staff. A SAP developer from SITA Corp came in to configure the SAP server and the Persol HR/Payroll application was migrated to a permanent server.

### **10.0 LEGAL / GOVERNANCE**

#### **10.1 Ratification of the Compact as a Treaty**

By letter dated July 21<sup>st</sup>, 2014 and addressed to the Honorable Minister of Finance, **MiDA** was duly informed about the approval by Parliament of the Compact Agreement in an amount of Four Hundred and Ninety Eight Million Two Hundred Thousand United States Dollars (\$498,200.00).

Sections 1 and 2 of the said Letter (and the Resolution which approved the Agreement) stipulate the basis for the Parliamentary approval of the Agreement. The said Sections provide *inter alia* that in pursuance of the provisions of Article 181(5) of the Constitution of the Republic of Ghana,

the terms and conditions of any international business or economic transaction to which the Government of Ghana is a party shall not come into operation unless the said terms and conditions have been laid before Parliament. Essentially, the Agreement was classified as an international business transaction or economic transaction.

Section 6.4 of the Compact provides that the Compact is an international agreement and as such will be governed by the principles of international law. Furthermore, Section 7.1 stipulates the following: “The Parties understand that this Compact and the PIA, upon entry into force, will prevail over the domestic laws of Ghana”.

In order for the Compact to be ratified as an international agreement/treaty, it must be approved under Article 75 of the Constitution. Article 75 of the Constitution provides the following: *(1) The President may execute or cause to be executed treaties, agreements or conventions in the name of Ghana. (2) A treaty, agreement or convention executed by or under the authority of the President shall be subject to ratification by (a) Act of Parliament; or (b) a resolution of Parliament supported by the votes of more than one-half of all the members of Parliament.*

In accordance with Article 75 of the Constitution, therefore, the Compact will need to be ratified under Article 75 in order to have the status of an international treaty. This is being pursued.

## **10.2 Delegation of Authority**

In accordance with Section 6.4 of the Compact which provides that the compact is an international agreement which is governed by the principles of international law, we understand that a Delegation of Authority was prepared by the President authorizing the Minister of Finance to sign the Agreement. MiDA is required to provide a copy of the Delegation of Authority to MCC prior to ‘Entry into Force’ of the Agreement. MiDA has been unable to obtain the copy of the delegation.

MiDA wrote a letter dated August 3, 2015 to the Attorney General concerning the issues raised above on the ratification of the treaty and the delegation of Authority. MiDA received a letter from the Ministry of Finance on the issues outlined above. MiDA is awaiting a response from the office of the Attorney General.

## **10.3 Internal Policy Development**

In conjunction with various departments at MiDA, a number of internal policy documents were developed during the quarter. These include conflict of interest policy, confidentiality policy, harassment policy and the staff manual.

## **10.4 Implementing Entity Agreements**

In accordance with the terms of the Compact and the Program Implementation Agreement, MiDA is required to execute a number of Implementing Entity Agreements. During the quarter, MiDA drafted the ECG IEA and discussed the terms of the IEA extensively with its internal teams and

MCC. The ECG IEA was subsequently submitted to MCC for informal approval and sent to ECG for their review.

### **10.5 Implementation Letters**

The Legal Department worked with the MCC Legal Department on the Implementation Letter (2015-1) dated September 15, 2015. The said Implementation Letter reflects the current composition of MiDA's Board and clarified the delivery date for the Monitoring & Evaluation Plan.

MCC issued an Implementation Letter concerning Entry into Force on August 26<sup>th</sup>, 2015. This Implementation Letter raised a number of issues namely the (i) Release of the ECG Tender Documents, (ii) Electricity Distribution Utility Payment Action Plan, (iii) Approval and Implementation of Quarterly Tariff Adjustments, (iv) ECG or NEDCO financial arrangements, (v) Ministries, Departments and Agencies Electricity bills.

Action on this matter is being pursued.

### **10.6 Board Matters**

Two Board Meetings were held in the month of August namely the following: the 2nd Special Meeting with the MiDA Board and Management in preparation for the Meeting with the MiDA Board and the ECG Board held on August 5, 2015 and the 3rd Special Meeting with the ECG Board held on August 7, 2015. The 7<sup>th</sup> Meeting of the Board of Directors was held on September 2<sup>nd</sup>, 2015.

### **10.7 Procurement and approval Process for ECG PSP**

As part of the legal due diligence process which is being conducted by IFC, the legal department met with the law firm Bentsi-Enchill Letsa & Ankomah to discuss the procurement process for the PSP transaction. In light of the challenges with utilizing the PPP Policy framework, it was agreed that MiDA would develop a procurement process for the PSP transaction. It is envisaged that this process will include some procedural aspects of the PPP Policy as well as international best practice. The Legal Department started the development of the process along with the approval matrix accordingly.

Comments were also provided on the Draft Legal Due Diligence Report which was presented by IFC.

## **11.0 CRITICAL ISSUES**

The following are critical issues or risk points, going into the next quarter.

- A number of the Conditions Precedent to EIF are still outstanding. In order to meet these Conditions and be fully prepared to Enter into Force by January 2016, MiDA will require the Government's assistance and support
- MiDA is working assiduously with various government entities to execute all the IEAs
- GoG's support will also be critical in the submission of the Gas Master Plan by MoPe to Cabinet for adoption and approval
- Collaboration from PURC is required to ensure the development and implementation of the tariff plan and avoid delays to the submission of the ECG PSP feasibility report or the Transaction Structure Report
- There is currently no consistent application of the Tax Exemption provisions in the Compact. According to the Tax Policy Unit of Ministry of Finance, all exemptions will be done on ad-hoc basis at the Ministry until the issue of the constitutional provisions under which the compact was approved by Parliament is resolved. This situation is bound to delay the implementation of the Compact
- GoG substantially reduced MiDA's 2015 Budget request which included pre-Compact outstanding rent. Even the approved amounts, insufficient as they are, are not forthcoming. These pose serious threats to MiDA's ability to operate.

## **12.0 PROJECTIONS FOR THE NEXT QUARTER**

Implementation activities will continue to gather momentum as MiDA approaches Entry Into Force. Key focus areas include the following:

- It is expected that all IEAs which are Conditions Precedent to Program Funding disbursements will be signed in the next quarter
- We also expect IFC to deliver the Transaction Structure Report and the Memo for the submission of the Feasibility Study (TSR) to PPP, organize a TSR Workshop in November, 2015 and hold a 3<sup>rd</sup> and final PSP Workshop and possibly a Road Show
- Necessary procurements will be undertaken for the commencement of the GIS work, the SGIP, the M&E Plan and the Tariff Study; the defining of the Access Project and the redesign of the NEDCo project.
- The ESMS will be further refined in order to have an approved ESMS ahead of the second disbursement of Program Funding

- A Global Sustainable Electricity Partnership (GSEP)/IFC/MiDA PPP Workshop will be held at Labadi Beach Hotel, Accra on November 16 – 17, 2015
- MiDA will reach out to a number of Traditional Rulers in the Southern Zone of Ghana

## Annex 1: On-going procurements

Contract ID	Description	Category	Method	Status	Next Steps
<b>Project Procurement</b>					
<b>7100101/RFP/Q CBS/06/15</b>	Data Quality Review	Consultancy	Quality and Cost-Based Selection (QCBS)	No objection to TER has been provided by MCC	Two (2) firms that obtained the qualifying technical score have been invited to opening of their Financial Proposals on <b>29 September, 2015.</b>
<b>1200109/LOI/SIC/09/15</b>	GIS Individual Consultant	Consultancy	Selection of Individual Consultant (SIC)	Bidding period. SPN has been issued. Clarifications have been requested by prospective Consultants. The SPN has been amended. Also an Addendum has been issued to the SPN.	Respond to request for clarification and submit Letter of Invitation (LOI) to interested Consultants.
<b>Programme Administration &amp; Oversight</b>					
<b>8101201/SW/RFQ/03/15</b>	MiDA Office Remodeling	Works	Shopping	Project is in defects liability period.	Physical and time variations were introduced that were over and above MiDA management approval thresholds. A V/O has been prepared for MiDA Board approval and then to MCC for no objection. A Board Memo has been prepared and submitted to the CEO.
<b>8100101 and 102</b>	MCA SAP/MIS System Design (Infrastructure Planning Assessment,	Non-consulting Services	Direct Contracting	Contract signed on <b>3<sup>rd</sup> March, 2015.</b>	Installation to be completed by <b>30<sup>th</sup> September, 2015.</b>



	Systems Requirements and Design)			Installation of Hardware ongoing.	
<b>8100110/LOI/SIC/03/15</b>	Personnel Recruitment Consultant	Consulting Services	Selection of Individual Consultant (SIC)	Contract signed on 24 <sup>th</sup> April, 2015.	Original completion date was 26 <sup>th</sup> August, 2015. However, there was a time overrun. Consequently, a V/O was made to extend the completion date to <b>26<sup>th</sup> September, 2015</b> at no cost to MiDA.
<b>8100403/RFP/NC/06/15</b>	Access Control	Goods	Shopping (RFQ)	Delivery period. Contract was amended to add to the schedule of requirements and extend delivery period to <b>12<sup>th</sup> October, 2015.</b>	Delivery and installation to be completed by <b>12<sup>th</sup> October, 2015.</b>
<b>8100101/IFB/DC/07/15</b>	MCA SAP/MIS Integration (Customization, Configuration, Installation, Testing, Training and System Maintenance and SAP Licenses)	Non-consulting Services	Direct Contracting	Contract signed on 25 <sup>th</sup> August, 2015.  Implementation is at <b>Solution Design Overview phase.</b>	Implementation will commence in MiDA in November, 2015.
<b>8100404/RFP/NC/07/15</b>	MiDA Website Development	Non-consulting Services	Shopping	Contract signed on <b>8<sup>th</sup> September, 2015.</b>  Draft layouts have been submitted to MiDA for review.	Development of website ongoing.

**Annex 2: Summary of Contract signed from July - September, 2015**

<b>Contract ID</b>	<b>Description</b>	<b>Category</b>	<b>Method</b>	<b>Supplier / Contractor / Consultant</b>	<b>Contract Value USD</b>	<b>Date Contract Signed</b>
8100302/01/RFO/06/16	Smart TV and Air-	Goods	Shopping	Electroland Ghana	4,673.33	2 <sup>nd</sup> July, 2015.
8100304/01-02/RFQ/06/15	Multi-functional & LaserJet	Goods	Shopping	Atlantic Computers & Electronics	1,212.83	2 <sup>nd</sup> July, 2015.
8100304/01-03/RFQ/06/15	LCD Projector	Goods	Shopping	Oman Fofor Trading Co	2,883.51	3 <sup>rd</sup> July, 2015.
8100304/02/RFQ/06/15	Shredders and Binding Machines	Goods	Shopping	Oman Fofor Trading Co Ltd	6,104.18	3 <sup>rd</sup> July, 2015.
8100303/04/RFQ/06/15	Telephone System	Goods	Shopping	Compu-Ghana	10,367.25	10 <sup>th</sup> July, 2015.
8100403/RF P/NCS/06/15	Access Control	Goods	Shopping	IMPC Ltd	3713.27	13 <sup>th</sup> July, 2015.
8100105/IFB/DC/07/15	SAP MIS Implementation	NCS	Direct Contracting	SITA CORP	1,010,635.60	25 <sup>th</sup> August, 2015.
8100404/RF P/NCS/07/15	Website Development	NCS	Shopping	Fifth Light	12,895.00	8 <sup>th</sup> September, 2015.
<b>Total</b>					<b>1,052,484.97</b>	