



MILLENNIUM DEVELOPMENT AUTHORITY (MiDA)

GHANA COMPACT II

Quarterly Progress Report

January – March 2016

Ghana Compact II Theme

***"Powering Ghana for Accelerated and Sustainable
Economic Growth"***

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GLOSSARY OF ABBREVIATIONS

AgDevCo	Africa Agricultural Development Company
CAP-Scan	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 January 1 to March 31, 2016 and captures activities that have been undertaken by the Millennium Development Authority (MiDA) in respect of the implementation of the Compact. These include activities related to the following:-

1. Conditions Precedent to Entry into Force (EIF) 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 identifies critical issues / risks to the successful execution of Ghana's Second Compact and highlights Government approvals required. It concludes with projections for the next quarter.

Conditions Precedent to Entry into Force

The status of Conditions Precedent to Entry into Force and First Disbursement are given in the tables below.

Status of CPs to Entry Into Force	
Condition Precedent	Status
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	Partially Complete/Pending
The Government must not have engaged in actions inconsistent with the eligibility criteria for MCC Funding	On track
The tender documents for an Acceptable ECG PSP Transaction have been released for selection through an open and transparent process	Pending. Substantial progress made

Substantial compliance with the Gas Action Plan	Pending. Action 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

Status of CPs to First Disbursement (Program Funding)	
Condition Precedent	Status
The Compact should have entered into force	EIF anticipated to be June 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	Completed
MiDA must have an approved Environmental and Social Management Plan	Pending. Substantial progress made
MiDA must have a Program Implementation Plan	Pending. Substantial progress made
An assessment of ECG Environmental, Social, Health and Safety staff and resources undertaken and gaps filled	Discussion ongoing to defer this CP
GoG must have submitted a clear policy statement clarifying the Government's approach to addressing requests for guarantees from Independent Power Producers.	Pending
Implementing Entity Agreement signed with ECG	IEA ready, awaiting ECG Board approval
Implementing Entity Agreement signed with MoP	Development of IEA in progress
Implementing Entity Agreement signed with MoPet	Development of IEA in progress
Implementing Entity Agreement signed with EC	Negotiations nearly complete
Implementing Entity Agreement signed with PURC	Negotiations on hold

Program and Related Activities

MiDA achieved significant progress in respect of all the activities it must complete before Entry into Force of Compact II, which is expected to occur in June 2016. Specific achievements include:

- The Ministry of Power submitted to Cabinet recommendations on key decision points in the Transaction Structuring Report (TSR). Cabinet approved the TSR. IFC submitted a draft Request for Qualification (RfQ) on March 4, 2016. Stakeholder comments on the draft RfQ were compiled and sent to the MiDA Board which approved the RfQ
- The signing of a contract with Dr. Robert Sarfi, for GIS consultancy services.
- The signing of a contract with Women Influencing Health, Education, and Rule of Law (WI-HER), the consultant who will formulate the Gender and Social Inclusion Plan (SGIP) for the Compact
- Engagement with the Council of State, civil society organizations, and other key stakeholders
- Substantial progress in preparation of TORs for five (5) consulting jobs and the launch of the RFP for the Tariff Study
- Financial commitments of \$10,969,013 to date representing 38% of the total CIF funds
- Substantial progress on developing key Implementing Entity Agreements (IEAs)

Financial Management

Commitments and Disbursements for CIF Qtr. 5 were as follows:-

	CIF Qtr 5 Budget	CIF Qtr 5 Actuals	% Increase	CIF Inception to Date	% CIF Funds
	US\$	US\$		US\$	
Commitments	4,654,143	1,051,666	(77.4%)	10,969,013	38.0
MCC Disbursements	2,498,773	2,012,076	(19.5%)	8,523,354	29.5
Cash in Hand (end-Qtr)	279,556	187,665	-	-	-

Receipts from GoG to date - GHC 29, 847,133.37

Disbursement Request (CIF Qtr.6) - \$ 3,233,604

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 in June 2016, MiDA will require the Government's assistance and support. Of particular importance will be

- GoG's approval of the Request for Proposal (RFP), scheduled for release on 3rd June 2016
- Cabinet approval of the Gas Sector Master Plan by MoPe and/or a letter from MoPe indicating GoG's approval of the Plan
- Release by GoG of copies (extracts) of the executed agreements coming from the Gas Action Plan in support of MoPe confirming GoG compliance with the GAP
- Collaboration from PURC is required to ensure the approval of the tariff methodology which feeds into the RFP for the ECG Concession

Projections for Next Quarter

The following are projected for second quarter of 2016:-

- The RFQ will be launched by 4th April 2016, prequalification submissions for the PSP transaction would be received by 3rd May 2016 and the evaluation process concluded by 18th May 2016.
- The draft RFP would be submitted by IFC by 18th April 2016, reviewed by all stakeholders within two weeks, approved by a Special Board meeting on 25th May 2016 and issued to shortlisted bidders by 3rd June 2016.
- All IEAs, which are Conditions Precedent (CPs) to initial disbursement of Program Funding would have been signed by the end of May. Indeed all CPs for initial disbursement would have been met

Project activities will also continue to gather momentum as the Compact enters into force. Key focus areas include the following goals:

- Substantial progress on the GIS Individual Consultant and SGIP Consultant contracts
- Procurements launched for
 - A contractor for phase 2 of the GIS activity
 - Project Management Consultant
 - Data Center and Communications Network Design Consultant
 - Access Project Consultants (to be undertaken by MCC)
 - Technical Advisors for ECG
 - CAP-Scan
- All initial arrangements required to facilitate Compact implementation completed

GHANA COMPACT II

Progress Report

January – March 2015

1.0 INTRODUCTION

On 5th 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 \$498.2 million consisting of two Tranches of Program Funding amounting to \$469.3 million and a 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 5th 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 herein.

2.0 CONDITIONS PRECEDENT TO ENTRY INTO FORCE & FIRST 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

As in the previous quarter, the most significant program activity in the 5th quarter 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. The Ministry of Power submitted to Cabinet recommendations on key decision points on the TSR, for GoG consideration and approval. Cabinet approval on the TSR was received and the IFC submitted a draft RFQ on March 4, 2016. Stakeholder comments on the draft Request for Qualification were compiled and sent to the MiDA Board which approved the RFQ on 30th March 2016. It is expected that the RFQ will be launched on 4th April 2016 and the RFP on 3rd June 2016.

2.2 Gas Action Plan

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

During the reporting period, MoPe issued a letter to MiDA communicating GoG approval of the Gas Action Plan. The only outstanding issue in respect of the CP is extracts of the executed agreements relating to the Action Plan. MiDA will continue to follow up with the Ministry to ensure that this CP is met.

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 in September, 2015 to collate and consolidate comments. MoPet presented the updated GMP to Cabinet for approval during the reporting period.

2.4 Utility Arrears Plan

In October 2015, the Ministry of Finance submitted the Final Electric Distribution Utility Payment Action Plan to MCC, satisfying this Condition Precedent. The Ministry of Finance also continued to make required payments as stipulated in the Plan. MiDA received the warrant for the fifth installment on March 10, 2016. GoG remains in compliance with this CP.

2.5 Quarterly Tariff Adjustments

The PURC undertook a major tariff review and announced increases effective 14th December 2015. In light of the timing of the announcement, automatic adjustment in January 2016 was not necessary. The next adjustment is expected in April 2016. GoG therefore remains in compliance with the CP.

2.6 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, approved, and in use.

- **Project Implementation Plan (PIP)**

The PIP consists of the following:

- | | | | |
|-------|-------------------------|---|---|
| (i) | Work Plan | - | Draft sent to MCC and comments received |
| (ii) | Detailed Financial Plan | - | Completed and current |
| (iii) | Audit Plan | - | Completed |
| (iv) | Procurement Plan | - | Completed and current |

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

MiDA revised the draft ESMS based on MCC's Technical Review comments. The document is currently undergoing a wider MCC Team review. It is expected that the final ESMS will be sent to MCC for formal No-objection by end of April 2016.

- **Integrated Resource Plan (IRP) and IPP Solicitation Plan**

MiDA, MCC, and USAID agreed that USAID would undertake this activity. ICF submitted a proposal to USAID to undertake the study, and a USAID Technical Evaluation Committee (with MiDA representation) completed evaluations. USAID is looking at engaging ICF in May/June 2016.

MiDA will continue to work with USAID to develop the IRRP and IPP Solicitation plans envisioned in the Compact.

- **Implementing Entity Agreements (IEAs)**

MiDA is currently working on eleven (11) Implementing Entity Agreements, five (5) of which are Conditions Precedent to Program Funding for specific projects. MiDA has begun negotiations with PURC and EC with respect to their IEA and concluded negotiations with ECG with respect to theirs. The ECG IEA has been approved by the MiDA Board. It is expected that the ECG Board will approve the agreement in April 2016 for signing in May 2016.

- **Monitoring and Evaluation Plan (M&E Plan) – Due EIF + 90 days**

During the reporting period, the Data Quality Review (DQR) consultant presented the final DQR Report. The results of the DQR will be incorporated into the draft Compact 2 M&E Plan, following which extensive stakeholder consultations will be undertaken to set targets for monitoring indicators. The Key Performance Indicators (KPIs) from the ECG PSP legal agreements will also be incorporated into the document, which will then undergo MCC review. It is expected that the final plan will be approved by MCC and the MiDA Board by end of August 2016.

- **Social and Gender Integration Plan (SGIP) – Due Prior to 2nd Disbursement**

During the reporting period MiDA signed a contract with a Consultant to develop the Social and Gender Integration Plan (SGIP). The consultancy commenced on 22nd March 2016. A draft SGIP is expected by the end of June 2016, after which a validation workshop will be held and a final plan delivered to MCC for formal no-objection. It is expected that the plan will be approved by end of August 2016.

- **Tariff Plan (TP) – Due EIF + 1 year**

Within a year of EIF, GoG is expected to put in place a Tariff Plan (TP) after a comprehensive tariff review or study. Comments on the RFP were received from PURC during the reporting period. These were incorporated, MCC no-objection to the RFP was received and an SPN has been published. Bid submission is expected to close in May 2016. It is likely that the CP will have to be deferred by a few months.

3.0 PROGRAM ACTIVITIES

3.1 ECG Financial Operational Turnaround Project (EFOT)

(a) Private Sector Participation Activity

- The Final Draft Due Diligence Report submitted by the IFC was accepted and corresponding Acceptance Certificate issued on January 8, 2016.
- The Ministry of Power submitted to Cabinet recommendations on key decision points on the TSR, for GoG consideration and approval.
- GoG/Cabinet submitted its position on the key decision points on the TSR for inclusion in the bidding documents, which were forwarded to IFC by MiDA.
- The IFC submitted Draft RFQ in March 4, 2016. Stakeholders, including ECG, submitted comments on the draft Request for Qualification. These comments were sent to the MiDA Board which approved the RFQ on 30th March 2016.

(b) Modernizing Utility Operations

- *Individual Consultant for GIS Work*

Negotiations on Contract concluded, contract award was completed on 5th February 2016 and the assignment commenced on 8th February 2016. The Consultant submitted the Inception Report on 25th February 2016, and this was shared with ECG for study and comments. The GIS Consultant's draft Inception Report was reviewed by MiDA, MCC and ECG, following which the Consultant submitted the final Inception Report. The first on-site meetings related to the GIS Consultancy services commenced at the end of March.

- *Project Management Consultant (PMC)*

During the reporting period, the PMC TOR was re-drafted to include informal comments and suggestions received from MCC. The document was submitted to MCC on March 24th for Technical Review.

3.2 NEDCo Financial Operational Turnaround Project (NFOT)

MiDA, MCC and NEDCo continued the Data validation on the NEDCo Project re-scoping through the reporting period. A first draft of the Scope of Services for the feasibility studies to come up with a full blown investment portfolio to be presented to the MCC Investment Committee, was sent to the contracting group at the US Army Corps of Engineers for processing.

MCC's focus is on (i) the original investment portfolio, (ii) the growth poles, specifically IWAD in Yagaba and AgDevCo in Babator, and (iii) revised NEDCo investment program to invest in the infrastructure that will improve the service quality in the Tamale Service Area. The intervention will potentially reduce technical losses by as much as 50% in addition to significant reduction in voltage fluctuations. 609g funds will be used for the detailed feasibility studies

3.3 Regulatory Strengthening and Capacity Building Project

(a) Sector Performance Monitoring Capacity Building Activity

The appropriate procurement strategy for delivery of the CAP-Scan continued to be outstanding. Whilst potential candidates had been contacted for a possible limited international competitive bidding to be adopted, other considerations for single source or two-way procurement approach were being discussed. MCC and MiDA Procurement Units would advise the most appropriate methodology that can deliver value to Compact.

(b) Tariff Review and Regulation Activity

During the quarter, MiDA received PURC's clearance of the RFP in mid-March, 2016 after a substantial delay. The RFP has been finalized and the procurement was launched on March 21, 2016. A bidders' Pre-Proposal Meeting is scheduled for April 6, 2016. The delay in launching the

procurement could impact completion of the Tariff Plan in relation to the Compact EIF + 1 year as required by the Compact.

3.4 Access Project

The scope of the project and the specific project sites has not been defined. Having agreed in the previous quarter that available 609(g) funds would be used to procure consultants to complete preparatory work, MCC sent a draft TOR to MiDA. MiDA reviewed the document and sent comments back to MCC. It is expected that the document will be finalized in the coming quarter and that the following consultants will subsequently be appointed:

- Survey Consultant
- Technical Audit Consultant
- Institutional Strengthening Consultant

3.5 Power Generation Sector Improvement Project

Following a number of follow ups with the MoPe during the quarter, the ministry finally submitted a letter to MiDA outlining three key gas sector areas for Compact support. These included LNG, Infrastructure development, and capacity building. It was suggested that MCC/MiDA and MoPe would discuss the details further to understand the ministry's requirement.

3.6 Energy Efficiency and Demand Side Management Project

During the quarter, MiDA worked on a draft ToR for Consultant on AC Test Facilities and completed the draft ToR on Streetlight Replacement Activity.

A Concept Note on School Curriculum was also developed and shared with MoEd.

4.0 ENVIRONMENTAL & SOCIAL PERFORMANCE

Since last quarter, the draft Environmental and Social Management System (ESMS) has undergone several revisions. Comments from MCC's technical review of the document were incorporated in March 2016 and the document re-sent to MCC for team-wide review. It is expected that the final document will be sent to MCC for formal No-Objection in April 2016.

5.0 GENDER AND SOCIAL INCLUSION

During the period under review, GSI Directorate worked with the Procurement Directorate to conclude the procurement of a Consultant to develop the SGIP. The Evaluation panel for the SGIP bids selected *Women Influencing Health, Education, and Rule of Law* (WI-HER LLC), a firm based in the United States of America for the Consultancy. The firm commenced service on March 21, 2016 after successful negotiations with the Project Director, Dr. Taroub Harb Faramand. The consultant has received guidance on MiDA branding and marketing, communication and target areas for the assignment. Letters introducing the SGIP Consultant have been sent to the IEs to prepare them for meeting with the Consultant during the data gathering phase.

MiDA convened negotiations on the MOU with the Ministry of Gender, Children and Social Protection (MoGCSP) on March 16, 2016 at the Ministry's Conference /Room. The Ministry was represented by the Chief Director, Director for Social Protection and Program Officer at the PPMED Unit. The Chief Operating Officer led a seven-member MiDA delegation. The Ministry accepted the MOU pending minor revisions. The finalized MOU will be signed by MiDA and the Hon. Minister in April, upon her return from an international engagement.

With respect to Stakeholder engagements, a follow-up meeting was held with two executive members of the ECG Power Queens to explain the SGIP development process and their role in it as well as the plans for establishing a Gender Working Group. About two thousand (2000) copies of brochures/fliers on Gender and Social Inclusion were produced in collaboration with the MiDA Communication and Outreach team. The brochure is being distributed to stakeholders and the general public to inform them about gender and social inclusion component of the compact.

6.0 MONITORING AND EVALUATION

The Data Quality Review (DQR) Consultant continued work in the reporting period, and submitted the Final DQR Report. On the part of MiDA, work continued on the main M&E Plan and the monitoring indicators, baselines and targets were updated with interim data collected during the Fieldwork Phase of the DQR consultancy. MiDA also completed work on updating the Draft Semi-Annual Review Guidelines by incorporating the proposed indicators for monitoring progress in power sector reforms.

7.0 COMMUNICATION AND OUTREACH

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

7.1 Communication

7.1.1 Media

In the reporting period, MiDA engaged with the CEO of The Finder newspaper, Alhaji Awal Mohammed. Subsequently, the Finder corrected and apologized to MiDA for an inaccurate banner headline at the request of MiDA.

7.1.2 Ministry of Communication

The Director Communications and Outreach completed plans to engage with the Deputy Minister of Communication, Hon. Felix Kwakye Ofose to update him on Compact 2, PSP and GoG decisions on the Transaction. The strategy is to resource the Deputy Minister with information and data to enable him speak publicly in support of the Compact and MiDA's activities and specifically on the ECG PSP Transaction. The meeting was rescheduled at the behest of the Deputy Minister.

7.1.3 MiDA Website and Social Media

The Web and social media platforms have recorded significant User Traffic and growth in the quarter under review. From January-March 2016 2,255 individual Users engaged on the MiDA Website. The site recorded 4,855 total sessions. In all, there were 2,129 (43.9%) new sessions. Users spent an average time of 3.18 minutes in each session. The total number of pages viewed was 4,855. 25 posts were made on the MiDA Facebook wall in the period under review. There was also a steady growth of 282 new Followers of MiDA on Twitter in the period under review.

7.1.4 MiDA Newsletter and Brochures

Six different Compact 2 Project brochures were printed as information materials to enhance engagement with stakeholders in the just ended quarter. The maiden edition of MiDA's Compact 2 Quarterly newsletter, News was also published and circulated in hard copy to selected key stakeholders and uploaded on the MiDA website. The Editorial Board for the MiDA News Quarterly Newsletter was inaugurated on March 9, 2016. Several meetings have been held in preparation for the 2nd edition of MiDA News.

7.2 Outreach

7.2.1 Engagement with Political Leaders

MiDA engaged with the Council of State on January 27, 2016.

7.2.2 ACEP, IEA, PUWU and GEA

As part of outreach activities, MiDA undertook the following:

- MiDA engaged with African Center for Energy Policy (ACEP)
- MiDA successfully engaged with the Institute of Economic Affairs (IEA) on February 19, 2016
- MiDA engaged with the Public Utility Workers Union of the TUC on February 29, 2016
- MiDA engaged with the Ghana Employers Association (GEA) on March 31, 2016

7.2 Workshops

From the 23rd to the 24th of March, fifteen (15) officials of MiDA undertook a media training exercise with Stratcomm's Skillhive. The purpose of the training was to build capacity in interview skills, public speaking and Crisis Management awareness

8.0 PROCUREMENT

During the reporting period, Charles Kendall and Partners Ltd, the Procurement Agent, continued to provide technical support to MiDA Procurement as Procurement Agent.

8.1 Procurement Planning

MiDA prepared and submitted CIF Procurement Plan No. 3 on the SAP MIS platform. MCC provided its no objection to the plan on 17 February, 2016. MiDA Board subsequently approved the Plan on 2 March, 2016.

8.2 General Procurement Notice (GPN) - Compact Implementation Fund (CIF)

GPN No. 4 for CIF Procurement Plan No.3 for the period April 1 – September 30, 2016 has been published in the media below and is currently running on the MiDA website.

GPNs were issued in both the print and electronic media including:

Local Dailies (Daily Graphic, Ghanaian Times and Business and Financial Times Newspapers);

Online (MiDA website, MCC website, Invest in Africa and UNDB Magazine).

8.3 Specific Procurement Notice (SPNs)

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

1. Selection of External Legal Counsel was issued on 14 March, 2016.
2. Selection of Tariff Study and Tariff Plan Consultant was published on 21 March, 2016.

These were advertised in:

Local Dailies (Daily Graphic, Ghanaian Times and Business and Financial Times Newspapers);

Online (MiDA website, MCC website, Invest in Africa, dg Market and UNDB Online Magazine).

The LOI for External Legal Counsel had also been circulated to 41 legal firms in Ghana through the Ghana Bar Association.

The SPN for the Tariff Study and Plan will also be circulated to the Ghana Association of Consultants to share with its members.

8.4 Bid Challenge System

On 1st March, 2016, MCC submitted a Model Bid Challenge System (BCS) to MiDA. MiDA adapted and submitted the draft BCS to MCC for review and no objection on 16 March, 2016.

MiDA awaits MCC No Objection to proceed with formation of Independent Review Panel for Compact procurement.

8.5 Procurements Undertaken

Contracts signed during the 1st Quarter were:

- i) GIS Individual Consultant between MiDA and Dr. Robert Sarfi on 5 February, 2016 at a contract sum was **USD185,238.00**
- ii) Social and Gender Integration Plan Consultant between MiDA and WI-HER on March 3, 2016 at a contract sum of **USD274,893.00**

Local Purchase Orders to the tune of **USD4,198.48** were signed during the 1st Quarter, 2016 (See **Annex 1 for details**).

8.6 On-going Procurements

See **Annex 2** for details

Procurements at TOR Stage include:-

- i. Project Management Consultant.
- ii. Capacity Scan
- iii. Data Center and Communications Network Design Consultant
- iv. Technical Assistance to ECG
- v. Consultant on Streetlight design and specification development
- vi. A/C Test Facility consultant

Selection of PSP Provider for ECG

Responses to the Request for Expression of Interest are still being received during the reporting period. By the end of the Quarter, 63 firms had responded, out of which 47 firms have actually submitted an expression of interest. The breakdown is as follows:

<u>Firms</u>	<u>Foreign firms</u>	<u>Local</u>
Firms that have submitted EOIs	30	17
Firms that are yet to submit EOIs	11	3
Firms not interested	<u>2</u>	<u>0</u>
Total	<u>43</u>	<u>20</u>

So far 47 firms have submitted formal EOIs and 43 have consented to the publication of their names.

9.0 FINANCE

9.1 CIF Funds – (Commitments and Disbursements)

Commitments and Disbursements for CIF Qtr. 5 were as follows:-

	CIF Qtr 5 Budget	CIF Qtr 5 Actuals	% Increase	CIF Inception to Date	% CIF Funds
	US\$	US\$		US\$	
Commitments	4,654,143	1,051,666	(77.4%)	10,969,013	38.0
MCC Disbursements	2,498,773	2,012,076	(19.5%)	8,523,354	29.5
Cash in Hand (end-Qtr)	279,556	187,665	-	-	-

Receipts from GoG to date - GHC 29, 847,133.37

Disbursement Request (CIF Qtr.6) - \$ 3,233,604

Notes on Funding

9.2 Commitments

Commitments of \$ 10,969,013 to date represented 38% of the total CIF funds. These funds represented signed contracts and payments under three areas, the ECG Financial and Operational Turnaround (EFOT) Project, Monitoring & Evaluation and Program Administration. The signed contract under the EFOT Project is for the ECG PSP Transaction Advisory Services and GIS information Systems Consultancy and for M & E is the Data Quality Review and for Program Administration the SITA Corp and Iron Vine contracts for IT Services and Social and Gender Integration Plan.

Quarterly budget variance of 77% is attributable to delays in the Procurement process for the Studies to support Tariff Setting (\$3,000,000) and Capacity and Needs Assessment (\$450,000).

9.3 Disbursements

Actual Disbursements in the Quarter showed a negative variance of 19.5%. This is as a result of non-submission of certain anticipated increase in the set-up of the office as well as the payment for expenses related to the SAP implementation as well as that of the Fiscal and Procurement Agents. There were also payments for the Completion of the Communication Plan under the ECG PSP Transaction Advisory Services.

9.4 Next Quarterly Disbursement Request

The Disbursement Request for the 6th CIF Quarter (April – June 2016), representing Commitments to Contracts and amounting to \$ 3,233,604 was submitted to MCC on the due date of March 10, 2016 and is awaiting MCC's approval of that Spending Authority.

9.5 Ghana Government Payments and Budgets

MiDA's Budget Performance Report for 2015 (for both financial and non-financial reports) was prepared and submitted to the Ministry of Finance through the Office of Government Machinery. We continue to follow-up regularly to resolve the omission of Donor (MCC) Grant in MiDA's 2016 Budget. We have also initiated request for GoG counterpart funding for 2016.

We are yet to receive any funding from Government concerning our normal allocation from the consolidated budget.

9.6 Administration/Human Resources

MiDA's current staff strength as at the end of the quarter was fifty-eight (58) representing 96.6% of the total staff recruited (60). Two additional staff are expected to join between April and July 2016. The Employee Handbook had been finalized and distributed to staff. A policy on employee flexible working hours was instituted during the quarter. There was internal training to newly recruited staff on Fiscal Accountability, Procurement, Gender and Social Awareness, and Environmental and Social Performance.

Five staff members represented MiDA at the Ghana Institution of Engineers week celebration from March 28 to April 2, 2016.

9.7 ICT Interventions

The IT Team continue to work with the Project teams in advising and collaborating with the Terms of Reference for the ECG Data Center and communication center, and helping to review inception reports by the GIS Consultant. The month also saw the rollout of the incident logging system which will be used internally by the IT Team to help them categorize the problems experienced by staffs in the use of IT services. The team plans to roll out the MCA-Collaborate to all staff and are currently working with MCC to upload Project Management curricula.

10.0 LEGAL / GOVERNANCE

10.1 Ratification of the Compact as a Treaty

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. 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 the reporting period, MiDA had extensive discussions with staff from the Ministry of Finance and Parliament and assisted with drafting the joint memorandum from the Ministry of Finance and the Minister of State Responsible for Development Authorities at the Office of the President, to Cabinet respectfully requesting the ratification of the Compact as a Treaty under Article 75(2) of the Constitution. Following Cabinet's approval of the Joint Memorandum, MiDA worked closely with the Ministry of Finance to prepare a Joint Memo to Parliament, which was duly considered by Parliament for the ratification. MiDA also appeared before the Finance committee of Parliament on March 10th and 11th respectively to respond to questions raised by the Finance Committee in respect of the Parliamentary approval. The report of the Finance committee was laid before Parliament for consideration and discussion by the House on Wednesday 16th March, 2016 and the resolution was passed on 17th March 2016 ratifying the Compact as a Treaty under Article 75 of the Constitution.

10.2 Delegation of Authority

During the quarter MiDA upon an invitation from the Minister of State Responsible for Development Authorities was at the Office of the President in an attempt to locate the delegation of authority which authorized the Minister of Finance to sign the Compact. The search however proved futile.

10.3 Internal Policy Development

In conjunction with various departments at MiDA, the legal department developed a Flexible work schedule Policy for staff.

10.4 Implementing Entity Agreements

During the quarter, progress was made towards the negotiation of IEAs. In this regard, MiDA negotiated the IEAs with PURC, the Energy Commission and ECG respectively. The ECG IEA was submitted to the MiDA Board meeting for approval and subsequently forwarded to the ECG Board for its approval. The ECG Board has returned to MiDA with further comments which have been reviewed and will be returned to the ECG Board for approval. PURC has also provided comments on its IEA. The Energy Commission IEA will be presented to the MiDA Board at its next meeting for approval. The other IEAs will be negotiated with the respective Implementing Entities in the second quarter.

10.5 Implementation Letter

The Legal Department informed MCC about the need for an implementation letter (s) which addresses the following issues:

- I. VAT Policy Changes by the Government of Ghana;
- II. Establishment of the Ministry of Power and the Ministry of Petroleum which replaced the Ministry of Energy;
- III. Requirement to have a Reform Unit Director as one of the Key Staff at MiDA.

Further to meetings between the MCC, Ghana Revenue Authority, MiDA and the Ministry of Finance, the Ministry of Finance has confirmed that in light of the fact that the Compact has been ratified as an international treaty, the tax regime which will apply will be the same as was used in Compact 1. Therefore, no amendments are envisaged to the tax schedules within the Program Implementation Agreement.

10.6 Board Matters

Three Board Meetings were held during the quarter namely the following: the 9th Meeting of the Board which was held on January 27, 2016, the 10th Meeting of the Board which was held on March 2, 2016 and the 6 special meeting of the Board held on March 30, 2016 to approve the draft Request for Qualification for the ECG PSP Transaction.

10.7 Law Suit

On November 4, 2015, the Office of the Attorney General was served with a writ of summons and statement of claim in which the Plaintiffs (5 members of the CPP) *inter alia* state (i) that electricity is a security asset of grave national importance to Ghana therefore its control by a foreign or private company is likely to jeopardize the security of Ghana, (ii) the action is being brought as citizens of Ghana independently and collectively regarding the privatization of ECG by MiDA and (iii) the Divestiture and Implementation Committee, under the Divestiture of State Interests Act and not MiDA should carry out the privatization of ECG.

The basis of the statement of claim lies in a publication in the Daily Guide newspaper of October 8, 2015, which alleges that ECG is being privatized.

The Defendants in the matter are the ECG, Minister for Power, and the Attorney General and Minister for Justice. MiDA is not listed as a Defendant in the matter.

During the course of the quarter, the Legal Department was in court to follow the matter and assisted the Attorney General's Department in the preparation of the witness statement of MiDA's COO who has been authorized by the Honourable Attorney-General to testify in the matter as the witness for the Attorney General & Minister for Justice and the Minister for Power.

10.8 Outstanding Compact 1 Matters

During the quarter, MiDA worked to address a number of outstanding compact 1 matters. In particular, there exists a number of unresolved financial matters in respect of (i) outstanding payments due Broll Ghana, Managers of the Social Security and National Insurance Trust (SSNIT) office building (Heritage Tower), for rent accrued from 2012 to 2014 and (ii) arrears in respect of post-Compact I Works and Services rendered by some Contractors and Consultants during the defect liability period of Compact I. GHS 995,678.78 (*Nine Hundred and Ninety-Five Thousand Six Hundred and Seventy-Eight Ghana Cedis Seventy-Eight Pesewas*) is owed to Broll Ghana for rent accumulated during the Compact II Development phase (2012-2014). *Three Hundred and Eighty-Six Thousand Two Hundred and Thirty United States Dollars Ninety-Six Cents*) is required for the settlement of Arrears due some Contractors and Consultants of MiDA for Works and Services provided under Compact 1. MiDA raised the matter with its Board of Directors and the Board of Directors has requested that the payments are audited and legitimate claims are forwarded to the Ministry of Finance for payment.

11.0 CRITICAL ISSUES

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

- The Law Suit (please refer to Section 10.7) may potentially present delays to the Entry Into Force of the Compact
- Timelines are tight for getting the RFP issued on 3rd June 2016. Cooperation from our stakeholders like ECG, PURC, MoP, MoF and AG will remain critical. Timely review of the draft document and the making of major decisions will be key in ensuring that we meet the 3rd June 2016 RFP launch date. There is also a critical need to align the PURC with MiDA's activities and their active participation in the tariff methodology process as this feeds into the RFP.
- Conditions Precedent to EIF, particularly those regarding the Generation Sector Improvement Project (such as the Gas Action Plan and the Gas Sector Master Plan), have seen little progress over the reporting period. MiDA will require the Government's assistance and support in order to meet this CP
- IEAs with some Implementing Entities (ECG, PURC, EC, MoP & MoPe) are CPs to program funding. A close and collaborative working relationship with these entities will be essential in the coming quarter
- MiDA has still not received ECG Management and PUWU's permission to engage with the ECG staff and Union members on the Compact and the ECG PSP process. This is a major drawback that could affect the ECG PSP Transaction.

- Implementation Letter needed to address some policy and other changes within the terms of the Compact and the PIA

Government intervention will be needed in the following areas:

- A letter and/or an undertaking from the Minister of Petroleum confirming GoG's approval of and compliance with the Gas Sector Master Plan

12.0 PROJECTIONS FOR THE NEXT QUARTER

The following milestones are projected for next quarter:-

- All IEAs which are Conditions Precedent to disbursement of Program Funding will be signed
- MCC no-objection to the ESMS will be received
- Cabinet approval of the Gas Sector Master Plan or letter from MoPe confirming approval of the Plan will be received
- A "Roadshow" event will be held in Accra for companies who have expressed an interest in the ECG PSP. This is anticipated to take place mid-April 2016.
- The Request for Qualification (RFQ) will be issued by 4th April 2015. Prequalification submissions in respect of the ECG PSP transaction would be received by May 3, 2016 and the Special Evaluation Panel's report on the process submitted by May 18, 2016.
- The Compact is expected to reach EIF in June 2016.

Project activities will continue to gather momentum as the Compact enters into force. Key focus areas include the following goals for next quarter:

- Substantial progress on the GIS Individual Consultant contract
- Procurements launched for
 - A contractor for phase 2 of the GIS activity
 - Project Management Consultant
 - Data Center and Communications Network Design Consultant
 - Access Project Consultants (to be undertaken by MCC)
 - Technical Advisors for ECG
 - CAP-Scan
- Substantial progress on the SGIP and M&E Plan development

Annex 1: On-going procurements

Contract ID	Description	Category	Method	Status	Projections
Project Procurement					
5320300/RF P/QCBS/03/16	Selection of Consultant for Tariff Study and Tariff Plan	Consultancy	QCBS	SPN was published on 21 March, 2016. So far 28 requests had been made for the RFP.	Receive Technical & Financial Proposals on 29 April, 2016. Open technical proposals same day and time and evaluate technical proposals.
1200102	Project Management Consultant (PMC)	Consultancy	QCBS	TOR currently with MCC for formal clearance.	Prepare RFP and submit to MCC for no objection. Publish RFP.
1200105	Data Center and Communications Network Design Consultant	Consultancy	QCBS	Final draft under review by COO before submission to MCC for clearance.	Prepare RFP and submit to CEO for approval. Publish RFP.
3100101	Capacity Scan for EC and PURC	Consultancy	QCBS	Awaiting MCC Technical and Procurement to discuss options and advise MiDA on the way forward.	Prepare RFP for approval. Publish RFP.
Programme Administration & Oversight					
81001089/L OI/CQS/3/16	Selection of External Legal Counsel	Consultancy	CQS	SPN published on 14 March, 2016. Four firms have requested the Letter of Invitation.	Expressions of interest expected on 22 April, 2016. Evaluate EOIs and invite highest –ranked firm for negotiations and signing of contract.

Annex 2: Summary of LPOs signed during the 1st Quarter, 2016

No.	LPO/Contract No.	Date	Description	Supplier	Contract Sum (GH¢)	Status of Delivery
1	MiDA/COMPACT 2/027	8 th January, 2016	Stationery Items	Sly-Laudeesco Enterprise	4,999.63	Delivered
2	MiDA/COMPACT 2/028	29 th January, 2016	Toners	Next Computers	3,632.00	Delivered
	MiDA/COMPACT 2/029	19 th February, 2016	MiDA Brochures	Buck Press Limited	2,438.13	Delivered
	MiDA/COMPACT 2/030	24 th February	Stationery	Sly-Laudeesco Enterprise	4,884.48	Delivered
TOTAL CONTRACT SUM					15,954.24	
Approximately (USD1 = GHS3.80)					\$4,198.48	