



MILLENNIUM DEVELOPMENT AUTHORITY (MiDA)

GHANA COMPACT II

Annual Report, 2019

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

CONTENTS

EXECUTIVE SUMMARY	iv
PART ONE: PROFILE OF MiDA	1
PART TWO: KEY ACHIEVEMENTS, REFORMS AND SUSTAINABLE DEVELOPMENT GOALS (SDGs) OF THE POWER SECTOR	4
PART THREE: CHALLENGES	15
PART FOUR: FINANCIAL PERFORMANCE	16
PART FIVE: FORWARD LOOKING FOR THE NEXT YEAR (PROGRAMMES & PROJECTS 2020)	17

LIST OF ACRONYMS

CIF	Compact Implementation Funding
CP	Condition Precedent
DMS	Document Management System
DUR	Department of Urban Roads
ECG	Electricity Company of Ghana Ltd
EEDSM	Energy Efficiency and Demand Side Management
EPA	Environmental Protection Agency
ERP	Enterprise Resource Planning
ESP	Environmental and Social Performance
FMMS	Field Metering & Monitoring Studies
GIS	Geographic Information System
GoG	Government of Ghana
GSA	Ghana Standards Authority
GSI	Gender and Social Inclusion
IDIQ	Indefinite Delivery Indefinite Quantity
IE	Implementing Entity
IEA	Implementing Entity Agreement
IFB	Invitation for Bids
IFC	International Finance Corporation
IPP	Independent Power Producer
KBTH	Korle Bu Teaching Hospital
MCC	Millennium Challenge Corporation
M&E	Monitoring and Evaluation
M&EEs	Market and Economic Enclaves
MiDA	Millennium Development Authority
MMS	Metering Management System
MoEn	Ministry of Energy
MoE	Ministry of Education
MoF	Ministry of Finance
MoU	Memorandum of Understanding
NaCCA	National Council for Curriculum and Assessment
NEDCo	Northern Electricity Distribution Company Ltd
NFOT	NEDCo Financial and Operational Turnaround
PAP	Prioritized Action Plan
PIA	Program Implementation Agreement
PMC	Program Management Consultant
PSP	Private Sector Participation
PURC	Public Utilities Regulatory Commission
RCE	Resettlement and Community Engagement
RfP	Request for Proposals
RPP	Regulatory Partnership Program
RTRR	Race to Retrofits and Renewables
SoW	Statement of Works
SDGs	Sustainable Development Goals
TOR	Terms of Reference

EXECUTIVE SUMMARY

Profile of MiDA

The Millennium Development Authority (MiDA) was established by an Act of Parliament (Act 702, 709 & 897 as amended). MiDA was established to oversee, manage and implement the Programmes under the Millennium Challenge Account for poverty reduction through economic growth.

On August 5, 2014, the second Millennium Challenge Compact (also referred to as the Ghana Power Compact) between the Republic of Ghana and the United States of America was signed.

Key Achievements, Reforms and Sustainable Development Goals (SDGs) of the Sector

- Commenced LV Bifurcation Works in Achimota; and preparatory activities were undertaken in Kaneshie, Dansoman and Mampong Districts of the ECG.
- Construction Works for the Pokuase Bulk Supply Point (BSP). Works is about 35% complete
- Completed the gazetting of Standards for the following Electrical Appliances: Microwave Oven, Washing Machine, Computer, Electric Motor and Standing Fan.
- Metering Equipment for the Household Energy Survey under the Field Metering & Monitoring Studies (FMMS) was delivered by the Supplier and a Pilot FMMS Survey was carried out at Amasaman.
- Signed and commenced Works Contracts for the Retrofitting of Buildings of seven Government of Ghana (GoG Institutions).
- Conducted Core Course Training Program for Sustainable Energy Audit Professional (SEAP), Sustainable Energy Management Professional (SEMP), and Energy Audit Practical (EAP) for selected Institutions.
- Signed Contract on the Street Lights Replacement Works

Challenges

The following were the major challenges encountered in implementing the Action Plan for 2019.

- Suspension of Funding during the 10 weeks following July 30, 2019 when the Concession Agreement with PDS was suspended. This held up progress of work, with the risk that there would be inadequate time to implement some major Investments that are on the Critical Path.
- The deobligation of Compact Tranche II Funds of US\$ 190 million as a result of the failure to achieve an acceptable Private Sector Participation in ECG operations.

Financial Performance

MiDA did not receive the GHC 254,250 expected from GoG to cover Goods and Services. With regards to Donor Funding, the Actual Expenditure (US\$ 29,509,600) was less than the Actual Receipts (US\$ 29,564,600).

PART ONE: PROFILE OF MiDA

The Millennium Development Authority (MiDA) was established by an Act of Parliament (Act 702, 709 & 897 as amended). MiDA was established to oversee, manage and implement the Programmes under the Millennium Challenge Account for poverty reduction through economic growth as set out in each agreement between the Government of Ghana and the Millennium Challenge Corporation acting for and on behalf of the Government of the United States of America and for any other national development programme of similar nature funded by the Government of Ghana, a Development Partner or both and to provide for related matters.

The first 5-Year Millennium Challenge Compact was signed between the United States of America, acting through the Millennium Challenge Corporation (MCC) and the Government of Ghana (GoG) in August 2006. The Compact implementation started on 16th February 2007 and ended on 15th February, 2012, and utilized approximately US\$547.009m grant funds

On 5th August 2014, the second Millennium Challenge Compact (also referred to as the Ghana Power Compact) between the Republic of Ghana and the United States of America was signed.

The Power Compact Program originally has a Budget of US\$ 498.2 million consisting of two Tranches of Program Funding amounting to US\$ 469.3 million and a Compact Implementation Funding (CIF) of US\$ 28.9 million. In addition, there is a Government of Ghana (GoG) contribution of not less than 7.5% (i.e. US\$ 37.4 million), bringing the total Compact Funds to US\$ 535.6 million.

The Tranche II Funds, which amounts to US\$ 190 million of the total, was contingent on meeting a number of Conditions Precedent (CPs), the principal one being Private Sector Participation (PSP) in ECG. MiDA worked with relevant GoG entities to meet the CPS. In particular, a private sector entity, Power Distribution Services Limited (PDS) was handed over the operations of ECG on March 1, 2009 under a 20-year Concession Agreement. However, GoG cancelled the Agreement because PDS did not fully comply with the requirements for the take-over. Thus, the US\$190 million Tranche II Funds are no longer available to be utilized under the Compact.

Vision, Mission and Values of MiDA

Vision: “The preferred national development organization implementing public and donor funded programs to reduce poverty through economic growth”

Mission: “To oversee, manage and implement national development programs funded by the Millennium Challenge Corporation, Government of Ghana and development partners in an effective and sustainable manner”

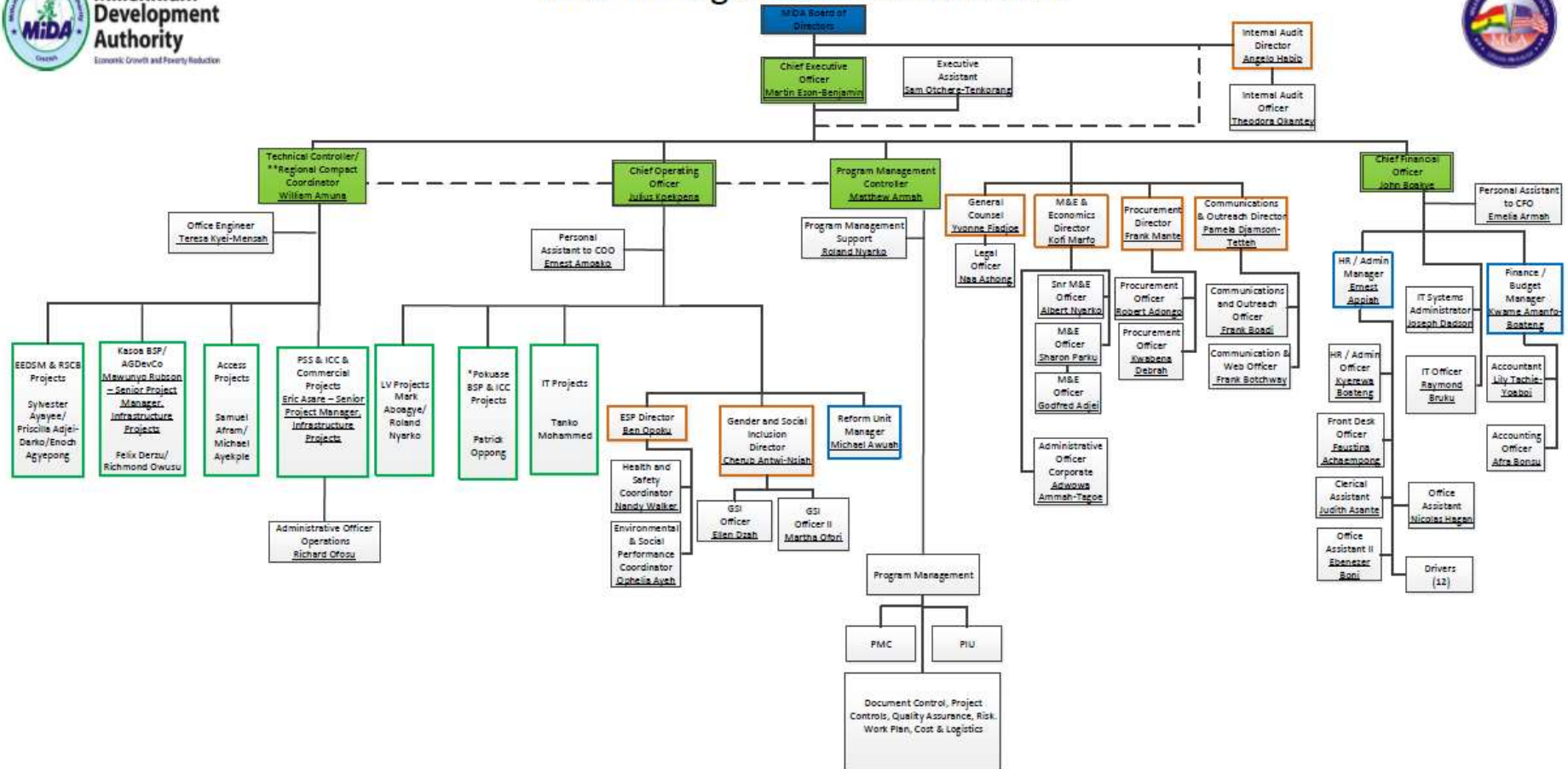
Core Values

- A. **Excellence:** We embrace excellence in fulfilling our mission.
- B. **Integrity:** In working to advance our mission and vision, we conduct all our affairs with integrity.
- C. **Transparency and Accountability:** We are guided by transparency in all our dealings, ensuring upward and downward accountability to our stakeholders.
- D. **Inclusion:** We are committed to inclusion, ensuring that vulnerable groups, including women, have equal rights and that there is no discrimination.
- E. **Collaboration:** We value collaboration with our stakeholders to promote a culture of continuous engagement.

Organizational Structure

The Organizational Structure of MiDA is shown in the figure below. MiDA is governed by a Board of Directors, comprising some members of the Cabinet, the Private sector and the NGO Community.

MiDA II Organizational Structure



PART TWO: KEY ACHIEVEMENTS, REFORMS AND SUSTAINABLE DEVELOPMENT GOALS (SDGs) OF THE POWER SECTOR

I. ACHIEVEMENTS

The Policy and its intended Objectives

The policy that MiDA is pursuing is to reduce poverty through economic growth.

The intended objectives are to:

- Increase Private Sector Investment and the productivity and profitability of Micro, Small, Medium, and Large Scale Businesses.
- Increase employment opportunities for men and women.
- Raise earning potential from Self-employment and improved social outcomes for men and women.

The Specific Programme/Projects being pursued under the Broad Policy

The specific Programme being pursued by MiDA is the Ghana Power Compact. MiDA is the Accountable Entity, and there are a number Implementing Entities that are working with MiDA to implement the Programme.

The Compact Program seeks to address identified challenges in Ghana's Power Sector by providing an overall framework for strengthening the Ghana Electricity Distribution System. This will be achieved by helping the Electricity Company of Ghana (ECG) and the Northern Electricity Distribution Company (NEDCo) reduce their Technical and Commercial Losses and attract needed investment. The Compact is also providing Technical Assistance in the areas of Corporate Governance, Technical Capacity of Sector Regulators, and the integration of Gender issues into the operations of relevant Sector Agencies.

The expected outcome for the Compact Program is the modernization of the Power Distribution Companies and Capacity Building within the Power Generation Institutions in Ghana and to present the Power Distribution Companies as credible Off-takers for prospective Independent Power Producers (IPPs).

The Compact Program originally consisted of the following six (6) Projects:

- Distribution Projects
 - ECG Financial and Operational Turnaround (EFOT) Project
 - NEDCo Financial and Operational Turnaround (NFOT) Project
 - Access Project
- Generation Projects
 - Regulatory Strengthening and Capacity Building (RSCB) Project
 - Power Generation Sector Improvement (PGSI) Project
 - Energy Efficiency and Demand Side Management (EEDSM) Project

Following the Mid-Term Review of the Program in February 2019, the NFOT and PGSI Projects were de-scoped. Some sections of the NEDCo Staff were opposed to the Management Contract component of the Project, thus stalling the work on the NFOT Project. In the case of the PGSI Project, most of the Activities planned under the Compact are being funded by the United States Agency for International Development (USAID).

The Project Teams work closely with Environment and Social Performance (ESP), Gender and Social Inclusion (GSI), Monitoring and Evaluation and Economics (M&E&E) and Communication and Outreach (CO) Teams to ensure that the activities are compatible with best practices.

Working with ESP ensures that all Projects are implemented in line with MCC's Environmental Guidelines, the International Finance Corporation Performance Standards on Environmental and Social Sustainability, and Ghana's Laws, Regulations, Licenses, and Permits. MiDA is therefore mandated to ensure such compliance. GSI in MiDA is aimed at ensuring a Gender responsive and socially inclusive Electricity service delivery and enhancing the Quality of Gender and Gender responsiveness in MiDA. M&E is integrated in all the Phases of the Compact – development, implementation and post-Compact – to focus on results.

Expected Outputs in 2019

The expected Outputs in 2019, in relation to the Annual Action Plan, are summarized in the Table below.

Expected Outputs and Results for 2019

Programmes & Sub-Programmes	Activities (Operations)	Expected Output	Baseline (Target as at Dec 2018)	Target for 2019	Implementation in 2019	Actual Results in 2019
Investment Promotion and Management / Pro-poor Interventions	Geographic Information System	GIS-based distribution management system in place	Not Applicable	Commence Works for Geographic Information System	Field validation, Aerial imagery and Medium Voltage, Low Voltage Data Migrationat are at different phases of completion under the GIS	Activity is about 80% complete
	Enterprise Resource System	Enterprise Resource Planning System in place	Not Applicable	Commence Works for Enterprise Resource Planning System	Design Works begun but was subsequently put on hold	Activitiy has been put on hold due to budget constraints
	Technical Advisor for ECG		Not Applicable	Provide Technical Advise on the EFOT Project	Provided Technical Advise on the EFOT Project	Provided Technical Advise on the EFOT Project
	Datacenter	Data Center Upgraded	Not Applicable	Complete design work, procurement and begin installation	Design Works begun but was subsequently put on hold	Activitiy has been put on hold due to budget constraints

Programmes & Sub-Programmes	Activities (Operations)	Expected Output	Baseline (Target as at Dec 2018)	Target for 2019	Implementation in 2019	Actual Results in 2019
	Installation of Meters at Critical Node	Number of automated reading meters	Not Applicable	Complete design work, procurement and begin installation	Design Works begun but was subsequently put on hold	Activity has been put on hold due to budget constraints
	Replacement of Legacy Meters		Not Applicable	Complete design work, procurement and begin installation	Design Works begun but was subsequently put on hold	Activity has been put on hold due to budget constraints
	LV Bifurcation	Km of distribution lines upgraded or built	Not Applicable	Begin LV Bifurcation works in Accra East and East Regions	Signed Contracts and commenced the LV Bifurcation Works in ECG Accra East and West Regions	LV works commenced in Acimota with other preparatory activities ongoing in Kaneshie, Dansoman and Mampong Districts

Programmes & Sub-Programmes	Activities (Operations)	Expected Output	Baseline (Target as at Dec 2018)	Target for 2019	Implementation in 2019	Actual Results in 2019
	Construction of Substations and BSPs	Number of bulk supply points	Not Applicable	Sign Contracts for BSPs and Substation and commence construction	Contract for the Pokuase BSP was signed in March. Procurement processes for the construction of the Kasoa BSP completed. Planning phase for the construction of Primary Substations is ongoing.	Construction works ongoing at the Pokuase BSP. Works is about 35% complete
Investment Promotion and Management / Pro-poor Interventions	Sector Performance Monitoring Capacity Building Activity		Not Applicable	Commence implementation of Regulatory Partnership Program (RPP).	Implementation of Regulatory Partnership Program (RPP).	Implementation of Regulatory Partnership Program (RPP).
	Tariff Review and Regulatory		Not Applicable	Commence implementation of Regulatory Partnership Program (RPP).	Implementation of Regulatory Partnership Program (RPP).	Implementation of Regulatory Partnership Program (RPP).

Programmes & Sub-Programmes	Activities (Operations)	Expected Output	Baseline (Target as at Dec 2018)	Target for 2019	Implementation in 2019	Actual Results in 2019
	Development & Enforcement of Standards & Labels Activity	Number of products with standards developed and passed	Not Applicable	Complete development, adoption and gazetting of Standards for Lot 4 Household Electrical Appliance (i.e. Blender, Electric Water Heater, Rice cooker and Kettle) in collaboration with GSA	Signed Consultancy Contract for the Drafting of Legislative Instruments (LIs) to enforce Standards and Labels of Electrical Appliances. Contract implementation commenced	Completed the gazetting of Standards for the 3 rd lot of following Electrical Appliances: Microwave Oven, Washing Machine, Computer, Electric Motor and Standing Fan.

Programmes & Sub-Programmes	Activities (Operations)	Expected Output	Baseline (Target as at Dec 2018)	Target for 2019	Implementation in 2019	Actual Results in 2019
	Procurement of Design-Build Contractors for A/C Test Lab Building, A/C Test Lab and Additional Test Labs		Not Applicable	Commence construction of AC Test Laboratory Building and the install Test Equipment.	Commenced procurement processes for the construction of AC Test Laboratory Building and the install Test Equipment.	Invitation to Quote (ITQ) for the Design-Build Contractor for the AC Test Laboratory Containment Building issued on 6th December 2019 to pre-selected bidders.
	Field metering and Monitoring Studies		Not Applicable	Complete Field Metering and Monitoring Studies Consultancy Services.	Commenced Field Metering and Monitoring Studies Consultancy Services.	FMMS Metering Equipment for household energy survey delivered by the Supplier in November. Conducted a pilot FMMS survey at Amasaman from 28th November to 12 December 2019

Programmes & Sub-Programmes	Activities (Operations)	Expected Output	Baseline (Target as at Dec 2018)	Target for 2019	Implementation in 2019	Actual Results in 2019
	Race to Retrofit and Renewables		Not Applicable	Complete Structural Integrity Study of roofs at seven (7) GOG institutions - Korle-bu Teaching Hospital, Adabraka Polyclinic, GES, Ministry of Health (MoH), Ministry of Education (MoE), University of Ghana (UG) and Department of Urban Roads (DUR).	Completed procurement activities for the Retrofitting of buildings of seven GOG Institutions.	Signed Works Contracts for the Retrofitting of buildings of seven GOG Institutions. Contract implementation commenced.

Programmes & Sub-Programmes	Activities (Operations)	Expected Output	Baseline (Target as at Dec 2018)	Target for 2019	Implementation in 2019	Actual Results in 2019
	Setting-up two Training Centers for Energy Auditors		Not Applicable	Sign Consultancy Contracts and commence the Setting-up of two Energy Auditing Centers in two (2) selected Tertiary Institutions.	The process for setting-up of two (2) Sustainable Energy Services Centers (SESCs) commenced	Core course training program for Sustainable Energy Audit Professional (SEAP), Sustainable Energy Management Professional (SEMP), and Energy Audit Practical (EAP) for shortlisted institutions conducted
	Development of School Curriculum		Not Applicable	Continue with implementation of the Pre-Tertiary School Curriculum Update on Energy Efficiency and Conservation.	Commenced the development of energy efficiency and conservation curriculum specifications for the defined requirement.	Completed the development of energy efficiency and conservation curriculum specifications for the defined requirement.

Programmes & Sub-Programmes	Activities (Operations)	Expected Output	Baseline (Target as at Dec 2018)	Target for 2019	Implementation in 2019	Actual Results in 2019
Investment Promotion and Management / Pro-poor Interventions	Street Light Replacement	Number of energy saving streetlights	Not Applicable	Sign Works Contracts and commence works for Street Lighting Replacement.	Completed procurement activities for Street Lights Replacement Works	Signed Contract on the Street Lights Replacement Works
	Customer Outreach , Facilitation Assistance for New Connections & Normalization		Not Applicable	Conclude procurement processes for the Customer Outreach, Facilitation Assistance for New Connections and Service Normalization	Completed procurement activities the Customer Outreach, Facilitation Assistance and Normalization of Services	Signed Contract on the Customer Outreach, Facilitation Assistance and Normalization of Services. Implementation has commenced.

Programmes & Sub-Programmes	Activities (Operations)	Expected Output	Baseline (Target as at Dec 2018)	Target for 2019	Implementation in 2019	Actual Results in 2019
	Institutional Assessment & Engagement for Sustainability		Not Applicable	Conclude procurement for Institutional Assessment and Engagement for Streetlights Sustainability in the M&EEs.	Commenced procurement for Institutional Assessment and Engagement for Streetlights Sustainability in the M&EEs.	Commenced procurement for Institutional Assessment and Engagement for Streetlights Sustainability in the M&EEs.
	HVDS + Security Lighting (Infrastructure)		Not Applicable	Complete Final Tender Documents for HVDS and Security Lighting for M&EEs, launch Bidding Documents and commence works on HVDS and Security Lighting in selected M&EEs.	Evaluation of Works Contract commenced for the High Voltage Distribution System and Security Lighting	Evaluation of Works Contract completed for the High Voltage Distribution System and Security Lighting

II REFORMS

Not applicable.

III SUSTAINABLE DEVELOPMENT GOALS

MiDA is not directly working towards specific Indicators of the Sustainable Development Goals (SDGs). However, the activities that are being implemented will contribute to meeting SDG 7 - *Ensure access to affordable, reliable, sustainable and modern energy for all*.

The Compact has a focus on reducing the frequency and duration of Power Outages. There is also a focus on improving energy efficiency and demand side management.

PART THREE: CHALLENGES

The following were the major challenges encountered in implementing the Action Plan for 2019.

- **Suspension of Funding:** Pending a decision by the Government of Ghana on the future of the Concession Agreement with PDS, during the 10 weeks following July 30, 2019 when it was suspended, there were no new commitment of Funds for Project Activities with the exception of few cases where MCC gave authorization. This held up progress of work, with the risk that there would be inadequate time to implement some major Investments that are on the Critical Path.
- **Reduced Funding:** The deobligation of Compact Tranche II Funds of US\$ 190 million has resulted in MiDA having to cut back on the scale of some activities and to cancel some planned investments. This is the direct result of the failure to achieve an acceptable Private Sector Participation in ECG operations.

PART FOUR: FINANCIAL PERFORMANCE

The Financial Performance for 2019 is presented below¹.

The Financial Performance for 2019, MiDA

1	GOG				
	SOURCE	APPROVED BUDGET (GHS)	ACTUAL RECEIPTS (GHS)	ACTUAL EXPENDITURE (GHS)	VARIANCE (GHS)
	Compensation of Employees	-	-	-	-
	Goods and Services	254,250.00	-	-	254,250.00
	CAPEX	-	-	-	-
	GoG Total	254,250.00	-	-	254,250.00
2	IGF				
		-	-	-	-
3	Dev't Partner: Millennium Challenge Corporation				
	Description	APPROVED BUDGET (USD)	ACTUAL RECEIPTS (USD)	ACTUAL EXPENDITURE (USD)	VARIANCE (USD)
	Program Administration	4,440,000.00	3,383,141.77	3,350,141.77	1,089,858.23
	Goods and Services	5,494,564.50	4,049,258.23	4,027,258.23	1,467,306.27
	CAPEX	29,803,693.50	22,132,200.00	22,132,200.00	7,671,493.50
	MCC Total	39,738,258.00	29,564,600.00	29,509,600.00	10,228,658.00

¹ The MS Excel Version is attached as a separate document.

PART FIVE: FORWARD LOOKING FOR THE NEXT YEAR (PROGRAMMES & PROJECTS 2020)

The Strategic/Key Priority Areas for 2020 are as follows.

ECG Financial and Operational Turnaround Project

The strategy is to continue with investments to modernize ECG operations, reduce technical losses and ensure reliability of Power Supply.

The following are the planned Key Activities

- Complete procurement for implementation of the Kanda and Legon Primary Substations and Interconnecting & Offloading Circuits.
- Continue with the construction of the Pokuase Bulk Supply Point.
- Commence the construction of the Kasoa Bulk Supply Point.

Regulatory Strengthening and Capacity Building Project

The strategy is to strengthen the regulatory functions of PURC and EC.

The following is the planned Key Activity.

- Facilitate the participation of identified PURC and EC Staff in international Training Programmes to enhance their Power Regulatory capacity.

Energy Efficiency and Demand Side Management Project

The Key Activities to achieve energy efficiency and manage the demand for power are as follows.

- Complete outstanding Standards for Electrical Appliances.
- Continue with the implementation of the Race-to-Retrofits and Renewables (RTRR) Works Contracts for selected public buildings, including those of the Department of Urban Roads (DUR), Ministry of Education (MoE), Ministry of Health (MoH), University of Ghana (UG) and Korle Bu Teaching Hospital (KBTH).
- Complete selection stage and inaugurate the two host institutions for the Sustainable Energy Services Centers (SESCs) in two out of the three Tertiary Institutions.
- Conduct Training of Trainers (ToT) Course to two host Tertiary Institutions to establish the SESC.
- Commence the Street Lighting Replacement Programme.