



**Millennium
Development
Authority**
Economic Growth and Poverty Reduction



MILLENNIUM DEVELOPMENT AUTHORITY (MiDA) PRESS CONFERENCE

ADDRESS BY MiDA CEO

WEDNESDAY OCTOBER 7, 2015

- Ministry of Power officials
- Ministry of Finance officials
- Representatives of the Minister of State in charge of Development Authorities in the Office of the President
- Management of ECG
- Board of Directors of MiDA
- Management & Staff of MiDA
- Members of the print and electronic media, both local and foreign
- Distinguished Ladies and Gentlemen

Good morning!

It gives me great pleasure to welcome you to this Press Conference. I see today's dialogue to be the beginning of many more of such interactions in the future and I look forward to a very positive and fruitful collaboration between the Millennium Development Authority and the media.

As you are aware, the Millennium Development Authority (MiDA) is the accountable government entity established by an Act of Parliament to oversee and manage the implementation of the Ghana Compact 2 signed between the Republic of Ghana and the United States of America which is represented by the Millennium Challenge Corporation.

You may have observed that, in accordance with our mandate, we published the Request for Expression of Interest (REOI) in the Concession for, Management of, Operation of,

and Investments in the Electricity Company of Ghana. We would urge all interested parties, particularly Ghanaian indigenous companies to take up the challenge and quickly submit their letters to express their interest in this venture.

The management of MiDA decided to call this press conference, following directly this significant this critical milestone, as it gives us the opportunity to apprise all stakeholders and the public at large, of the progress made so far and what remains to be done in order to commence the implementation of the Ghana Compact 2 Program.

The Ghana Compact 2 Program which is also called the Power Compact is to be a major catalyst that will contribute to the developmental efforts of Ghana. This is because it would, in the medium term, address the root cause of DUMSOR, which has had such a debilitating effect on our economy. The critical need for reliable and available power in the development of any country cannot be overemphasized. DUMSOR continues to have a debilitating effect on the economy. Last week it was reported that His Excellency President John Dramani Mahama indicated at the United Nations General Assembly that DUMSOR had indeed affected growth and development in several aspects of the Ghanaian economy. We are glad that Government is taking the measures to resolve the crisis in the immediate term. We at MiDA are also excited that, through the interventions to be initiated under the Compact 2 Program, we can play a critical role in banishing DUMSOR from the Power landscape in Ghana in the medium term, so that it does not rear its ugly head again in the future.

The Power Compact adopts a multifaceted approach to addressing the issues. In so doing, it has a basket of interventions which essentially;

1. Seek to reform the Power distribution sector and undertake foundational investments so we can encourage more Independent Power Producers to come in with much needed additional generation and also drastically improve the reliability of the distribution system.
2. Seek to reform of the Regulation System and ensure that we have an excellent system which would continue to encourage the needed private sector investments in the Power Sector.

3. Seek to reinforce the arrangements we have for providing reasonably priced fuels in sufficient quantities for power generation.
4. Seek to permanently institutionalize Energy Efficiency and Demand Side Management within our values and national fabric as a way of conserving and using wisely the power we produce and reducing the quantity of power we need going forward.

The Six Projects that have been identified under the Compact are;

- A. ECG Financial and Operational Turnaround Project
- B. NEDCo Financial and Operational Turnaround Project
- C. Regulatory Strengthening and Capacity Building Project
- D. Access Project
- E. Power Generation Sector Improvement Project
- F. Energy Efficiency and Demand Side Management Project

Let me say that there have been a number of achievements since the Compact was signed on August 5, 2014. A Board of MiDA was reconstituted and inaugurated in December 2014 by His Excellency the President. A CEO was appointed in February this year. We have to date completed the recruitment of 95% of the staff required at MiDA and 70% of the staff are at post and assiduously working towards the objectives of the Compact. The rest of the staff will report between now and early next year.

Tremendous effort has been made to fulfill the Conditions that need to be satisfied before the Program Funds can be released, which we call the Conditions Precedent. I am happy to announce that the progress made to date in these endeavors is very good.

You would recall that one of the critical Conditions Precedent to the Compact becoming effective or what we call Entering-Into- Force (EIF) is that the Tender document for the Acceptable Private Sector Participation in ECG must be launched. I am happy to advise that since we brought in the International Finance Corporation (IFC) as Transaction Advisors, tremendous progress has been made in this direction. As you are aware the Government of Ghana selected the Concession Option as the preferred option for the

Private Sector Participation in ECG. This decision was taken after years of analysis and detailed review and consideration of the various options.

To date, IFC has completed its initial Due Diligence activities and submitted draft Due Diligent Reports, which are currently under review. The Transaction Structuring Report (TSR) is expected within the next two weeks and once it is approved, IFC can proceed with the preparation of the Tender Documents or what we call the Requests for Proposals documents which would be released to parties who responded to the Request for the Expression of Interest.

Barring any unforeseen circumstances, we expect this part of the process to be completed by December 2015.

There has been a lot of discussion on the PSP in ECG in the media. One key issue which is often raised is what is deemed to be an Acceptable ECG Private Sector Participation transaction. For the avoidance of doubt, let me remind you of what the Compact defines as an acceptable Private Sector Participation in ECG. Indeed it must satisfy the following conditions;

- A. Leverages private capital to address operational and commercial competencies necessary for specific challenges of ECG's operation and which meets the following criteria;
- B. Includes a strategic partner meeting the requirements of the Acceptable ECG PSP Provider
- C. Results from an open, competitive and transparent process
- D. Encourages local participation at both the ownership and operational levels
- E. Is sensitive to local customs and conditions
- F. Ensures the equitable treatment of ECG Staff
- G. Applies corporate-wide approaches with respect to operations, management and governance of ECG

Any arrangement that does not meet these requirements would not be acceptable. That should give Ghanaians comfort so far as the Concession arrangement is concerned.

These requirements address most of the concerns that some may have with the private sector participation in ECG. Let me once again encourage as many companies as possible, both local and international to respond to the Request for the Expression of Interest for the Concession of ECG.

At this juncture, I wish to emphasize that the Government of Ghana through MiDA and all the related agencies including Ministry of Power, Ministry of Finance, ECG and other Stakeholders are poised to permanently banish DUMSOR from our Power landscape. Power is so vital to the economy and it is critical that we address any bottlenecks associated with it. The mechanism we are using is the Ghana Power Compact or Ghana Compact 2. We would count on the support of all Ghanaians in this endeavor.

I wish to place on record our appreciation of the efforts made by the Ghana Compact 2 Development Team which was led by Professor Sefa-Dedeh, whose untiring efforts contributed to bringing about the Compact. Let me also express our appreciation to his Excellency President John Dramani Mahama for his support and the MiDA Board for its direction and cooperation.

Finally, I wish to end by thanking you all for honoring our invitation to attend this press conference, in particular the officials of ECG, Ministry of Power, MiDA and more importantly those of you from the print and electronic media. We at MiDA look forward to interacting again at a press conference like this when we have satisfied the Conditions Precedent to Entry Into Force of the Compact and are about to commence the Project activities under the Compact in earnest.

I thank you for your kind attention.