

MILLENNIUM CHALLENGE COMPACT

BETWEEN

THE UNITED STATES OF AMERICA

ACTING THROUGH

THE MILLENNIUM CHALLENGE CORPORATION

AND

THE REPUBLIC OF GHANA

MILLENNIUM CHALLENGE COMPACT
TABLE OF CONTENTS

	<u>Page</u>
Article 1. Goal and Objectives	1
Section 1.1 Compact Goal	1
Section 1.2 Program Objectives.....	1
Section 1.3 Project Objectives	2
Article 2. Funding and Resources	2
Section 2.1 Program Funding	2
Section 2.2 Compact Implementation Funding	2
Section 2.3 MCC Funding	3
Section 2.4 Disbursement	3
Section 2.5 Interest.....	3
Section 2.6 Government Resources; Budget	3
Section 2.7 Limitations on the Use of MCC Funding	4
Section 2.8 Taxes	4
Section 2.9 Bilateral Agreement	5
Article 3. Implementation	5
Section 3.1 Program Implementation Agreement.....	5
Section 3.2 Government Responsibilities	5
Section 3.3 Policy Performance	6
Section 3.4 Accuracy of Information.....	6
Section 3.5 Implementation Letters	6
Section 3.6 Procurement and Grants.....	7
Section 3.7 Records; Accounting; Covered Providers; Access	7
Section 3.8 Audits; Reviews	8
Article 4. Communications	9
Section 4.1 Communications	9
Section 4.2 Representatives	9
Section 4.3 Signatures.....	10
Article 5. Termination; Suspension; Expiration	10
Section 5.1 Termination; Suspension	10
Section 5.2 Consequences of Termination, Suspension or Expiration	11
Section 5.3 Refunds; Violation	11
Section 5.4 Late Payment Interest	11
Section 5.5 Survival	11
Article 6. Compact Annexes; Amendments; Governing Law	12
Section 6.1 Annexes.....	12

Section 6.2	Amendments and Modifications	12
Section 6.3	Inconsistencies	12
Section 6.4	Governing Law	12
Section 6.5	Additional Instruments.....	12
Section 6.6	References to MCC Website.....	13
Section 6.7	References to Laws, Regulations, Policies and Guidelines	13
Section 6.8	MCC Status.....	13
Article 7.	Entry Into Force	13
Section 7.1	International Agreement	13
Section 7.2	Conditions Precedent to Entry into Force.....	13
Section 7.3	Date of Entry into Force	14
Section 7.4	Compact Term	14
Section 7.5	Provisional Application	14
Article 8.	Tranche II Funding and Additional Government Responsibilities	15
Section 8.1	Conditions Precedent to Initial Tranch II Funding Disbursement	15
Section 8.2	Failure to Satisfy Conditions Precedent to Initial Tranche II Funding	15
Section 8.3	Additional Government Responsibilities.....	15
<u>Annex I:</u>	Program Description	
<u>Annex II:</u>	Multi-Year Financial Plan Summary	
<u>Annex III:</u>	Description of the Monitoring and Evaluation Plan	
<u>Annex IV:</u>	Conditions to Disbursement of Compact Implementation Funding	
<u>Annex V:</u>	Definitions	

MILLENNIUM CHALLENGE COMPACT

PREAMBLE

This MILLENNIUM CHALLENGE COMPACT (this “*Compact*”) is between the United States of America, acting through the Millennium Challenge Corporation, a United States government corporation (“*MCC*”), and the Republic of Ghana (“*Ghana*”), acting through its government (the “*Government*”) (individually, a “*Party*” and collectively, the “*Parties*”). Capitalized terms used in this Compact will have the meanings provided in Annex V.

Recalling that the Parties successfully concluded an initial Millennium Challenge Compact (which entered into force on February 16, 2007 and terminated by its terms on February 16, 2012) that advanced the progress of Ghana in achieving lasting economic growth and poverty reduction, demonstrated the strong partnership between the Parties, and was implemented in accordance with MCC’s core policies and standards;

Recognizing that the Parties are committed to the shared goals of promoting economic growth and the elimination of extreme poverty in Ghana and that MCC assistance under this Compact supports Ghana’s demonstrated commitment to strengthening good governance, economic freedom and investments in people;

Recalling that the Government consulted with the private sector and civil society of Ghana to determine the priorities for the use of MCC assistance and developed and submitted to MCC a proposal for such assistance to achieve lasting economic growth and poverty reduction; and

Recognizing that MCC wishes to help Ghana implement the program described herein to achieve the goal and objectives described herein (as such program description and objectives may be amended from time to time in accordance with the terms hereof, the “*Program*”);

The Parties hereby agree as follows:

ARTICLE 1.

GOAL AND OBJECTIVES

Section 1.1 Compact Goal. The goal of this Compact is to reduce poverty through economic growth in Ghana (the “*Compact Goal*”). MCC’s assistance will be provided in a manner that strengthens good governance, economic freedom, and investments in the people of Ghana.

Section 1.2 Program Objectives. The objectives of the Program (the “*Program 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; and
- (c) raise earning potential from self-employment and improved social outcomes for men and women.

The Program consists of the projects described in Annex I (each a “**Project**” and collectively, the “**Projects**”).

Section 1.3 Project Objectives. The objective of each of the Projects (each a “**Project Objective**” and collectively, the “**Project Objectives**”) is described in Annex III.

ARTICLE 2. FUNDING AND RESOURCES

Section 2.1 Program Funding.

Upon entry into force of this Compact in accordance with Section 7.3, MCC will grant to the Government, under the terms of this Compact, an amount not to exceed Four Hundred and Sixty Nine Million Three Hundred Thousand United States Dollars (US\$469,300,000) (“**Program Funding**”), consisting of Two Hundred Seventy Nine Million Three Hundred Thousand United States Dollars (US\$279,300,000) (“**Tranche I Funding**”) and One Hundred and Ninety Million United States Dollars (US\$190,000,000) (“**Tranche II Funding**”), for use by the Government to implement the Program. The allocation of Program Funding is generally described in Annex II.

Section 2.2 Compact Implementation Funding

(a) Upon the signing of this Compact, MCC will grant to the Government, under the terms of this Compact and in addition to the Program Funding described in Section 2.1, an amount not to exceed Twenty Eight Million Nine Hundred Thousand United States Dollars (US\$28,900,000) (“**Compact Implementation Funding**”) under Section 609(g) of the Millennium Challenge Act of 2003, as amended (the “**MCA Act**”), for use by the Government to facilitate implementation of this Compact, including for the following purposes:

- (i) financial management and procurement activities;
- (ii) administrative activities (including start-up costs such as staff salaries) and administrative support expenses such as rent, computers and other information technology or capital equipment;
- (iii) monitoring and evaluation activities;
- (iv) feasibility, design and other project preparatory studies; and
- (v) other activities to facilitate Compact implementation as approved by MCC.

The allocation of Compact Implementation Funding is generally described in Annex II.

(b) In accordance with Section 7.5, this Section 2.2 and other provisions of this Compact applicable to Compact Implementation Funding will be effective, for purposes of Compact Implementation Funding only, as of the date this Compact is signed by MCC and the Government.

(c) Each Disbursement of Compact Implementation Funding is subject to satisfaction of the conditions precedent to such disbursement as set forth in Annex IV.

(d) If MCC determines that the full amount of Compact Implementation Funding available under Section 2.2(a) exceeds the amount that reasonably can be utilized for the purposes set forth in Section 2.2(a), MCC, by written notice to the Government, may withdraw the excess amount, thereby reducing the amount of the Compact Implementation Funding available under Section 2.2(a) (such excess, the “**Excess CIF Amount**”). In such event, the amount of Compact Implementation Funding granted to the Government under Section 2.2(a) will be reduced by the Excess CIF Amount, and MCC will have no further obligations with respect to such Excess CIF Amount.

(e) MCC, at its option by written notice to the Government, may elect to grant to the Government an amount equal to all or a portion of such Excess CIF Amount as an increase in the Program Funding, and such additional Program Funding will be subject to the terms and conditions of this Compact applicable to Program Funding.

Section 2.3 MCC Funding.

Program Funding and Compact Implementation Funding are collectively referred to in this Compact as “**MCC Funding**,” and includes any refunds or reimbursements of Program Funding or Compact Implementation Funding paid by the Government in accordance with this Compact.

Section 2.4 Disbursement.

In accordance with this Compact and the Program Implementation Agreement, MCC will disburse MCC Funding for expenditures incurred in furtherance of the Program (each instance, a “**Disbursement**”). Subject to the satisfaction of all applicable conditions precedent, the proceeds of Disbursements will be made available to the Government, at MCC’s sole election, by (a) deposit to one or more bank accounts established by the Government and acceptable to MCC (each, a “**Permitted Account**”) or (b) direct payment to the relevant provider of goods, works or services for the implementation of the Program. MCC Funding may be expended only for Program expenditures.

Section 2.5 Interest. The Government will pay or transfer to MCC, in accordance with the Program Implementation Agreement, any interest or other earnings that accrue on MCC Funding prior to such funding being used for a Program purpose.

Section 2.6 Government Resources; Budget.

(a) In accordance with MCC’s *Guidelines for Country Contributions*, the Government will make a contribution of no less than seven and one half percent (7.5%), in addition to any other fiscal cost to the Government, of the amount of MCC Funding provided under this Compact towards meeting the Program Objectives and Project Objectives of this Compact. Annex II describes such contribution in more detail. In addition, the Government will provide all funds and other resources, and will take all actions, that are necessary to carry out the Government’s responsibilities under this Compact.

(b) The Government will use its best efforts to ensure that all MCC Funding it receives or is projected to receive in each of its fiscal years is fully accounted for in its annual budget for the duration of the Program.

(c) The Government will not reduce the normal and expected resources that it would otherwise receive or budget from sources other than MCC for the activities contemplated under this Compact and the Program.

(d) Unless the Government discloses otherwise to MCC in writing, MCC Funding will be in addition to the resources that the Government would otherwise receive or budget for the activities contemplated under this Compact and the Program.

Section 2.7 Limitations on the Use of MCC Funding. The Government will ensure that MCC Funding is not used for any purpose that would violate United States law or policy, as specified in this Compact or as further notified to the Government in writing, including but not limited to the following purposes:

(a) for assistance to, or training of, the military, police, militia, national guard or other quasi-military organization or unit;

(b) for any activity that is likely to cause a substantial loss of United States jobs or a substantial displacement of United States production;

(c) to undertake, fund or otherwise support any activity that is likely to cause a significant environmental, health, or safety hazard, as further described in MCC's *Environmental Guidelines* and any guidance documents issued in connection with such guidelines (collectively, the "***MCC Environmental Guidelines***"); or

(d) to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions, to pay for the performance of involuntary sterilizations as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations or to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.

Section 2.8 Taxes.

(a) Unless the Parties specifically agree otherwise in writing, the Government will ensure that all MCC Funding is free from the payment or imposition of any existing or future taxes, duties, levies, contributions or other similar charges (but not fees or charges for services that are generally applicable in Ghana, reasonable in amount and imposed on a non-discriminatory basis) ("***Taxes***") of or in Ghana (including any such Taxes imposed by a national, regional, local or other governmental or taxing authority of or in Ghana). Specifically, and without limiting the generality of the foregoing, MCC Funding will be free from the payment of (i) any tariffs, customs duties, import taxes, export taxes, and other similar charges on any goods, works or services introduced into Ghana in connection with the Program; (ii) sales tax, value added tax, excise tax, property transfer tax, and other similar charges on any transactions involving goods, works or services in connection with the Program, (iii) taxes and other similar charges on ownership, possession or use of any property in connection with the Program, and (iv) taxes and other similar charges on income, profits or gross receipts attributable to work

performed in connection with the Program and related social security taxes and other similar charges on all natural or legal persons performing work in connection with the Program except (A) natural persons who are citizens or permanent residents of Ghana and (B) legal persons formed under the laws of Ghana (but excluding MiDA and any other entity formed for the purpose of implementing the Government's obligations hereunder).

(b) The mechanisms that the Government will use to implement the principal tax exemption required by Section 2.8(a) are set forth in Schedule 5 of the Program Implementation Agreement. Such mechanisms may include exemptions from the payment of Taxes that have been granted in accordance with applicable law, refund or reimbursement of Taxes by the Government to MCC, MiDA or to the taxpayer, or payment by the Government to MiDA or MCC, for the benefit of the Program, of an agreed amount representing any collectible Taxes on the items described in Section 2.8(a).

(c) If a Tax has been paid contrary to the requirements of Section 2.8(a) or Schedule 5 of the Program Implementation Agreement, the Government will refund promptly to MCC (or to another party as designated by MCC) the amount of such Tax in United States dollars or the currency of Ghana within ninety (90) days (or such other period as may be agreed in writing by the Parties) after the Government is notified in writing (whether by MCC or MiDA) that such Tax has been paid. Failure to refund such amount within the specified time will result in interest accruing on the unpaid amount in accordance with Section 5.4.

(d) No MCC Funding, proceeds thereof or Program Assets may be applied by the Government in satisfaction of its obligations under Section 2.8(c).

Section 2.9 Bilateral Agreement. All MCC Funding shall be considered United States assistance under the General Agreement for a Programme of Technical Co-operation by and between the Government of the United States of America and the Government, dated June 3, 1957, as amended from time to time (the "***Bilateral Agreement***"). If there are conflicts or inconsistencies between any parts of this Compact and the Bilateral Agreement, as either may be amended from time to time, the provisions of this Compact shall prevail over those of the Bilateral Agreement.

ARTICLE 3.

IMPLEMENTATION

Section 3.1 Program Implementation Agreement. The Parties will enter into an agreement providing further detail on the implementation arrangements, fiscal accountability and disbursement and use of MCC Funding, among other matters (the "***Program Implementation Agreement***" or "***PIA***"); and the Government will implement the Program in accordance with this Compact, the PIA, any other Supplemental Agreement and any Implementation Letter.

Section 3.2 Government Responsibilities.

(a) The Government has principal responsibility for overseeing and managing the implementation of the Program.

(b) The Government hereby designates the Millennium Development Authority, as the accountable entity to implement the Program and to exercise and perform the Government's

right and obligation to oversee, manage and implement the Program, including without limitation, managing the implementation of Projects and their Activities, allocating resources and managing procurements. Such entity will be referred to herein as “*MiDA*,” and has the authority to bind the Government with regard to all Program activities. The Government hereby also designates MiDA to exercise and perform the Government’s rights and responsibilities to oversee, manage and implement the activities defined in the Grant and Implementation Agreement, dated as of August 7, 2013 (the “*609(g) Agreement*”). The designation of this Section 3.2(b) will not relieve the Government of any obligations or responsibilities hereunder or under any related agreement, for which the Government remains fully responsible. MCC hereby acknowledges and consents to the designation in this Section 3.2(b).

(c) The Government will ensure that any Program Assets or services funded in whole or in part (directly or indirectly) by MCC Funding are used solely in furtherance of this Compact and the Program unless MCC agrees otherwise in writing.

(d) The Government will take all necessary or appropriate steps to achieve the Program Objectives and the Project Objectives during the Compact Term (including, without limiting Section 2.6(a), funding all costs that exceed MCC Funding and are required to carry out the terms hereof and achieve such objectives, unless MCC agrees otherwise in writing).

(e) The Government will ensure that the Program is implemented and that the Government carries out its obligations hereunder with due care, efficiency and diligence in conformity with sound technical, financial, and management practices, and in conformity with this Compact, the Program Implementation Agreement, each other Supplemental Agreement and the Program Guidelines.

(f) The Government grants to MCC a perpetual, irrevocable, royalty-free, worldwide, fully paid, assignable right and license to practice or have practiced on its behalf (including the right to produce, reproduce, publish, repurpose, use, store, modify, or make available) any portion or portions of Intellectual Property as MCC sees fit in any medium, now known or hereafter developed, for any purpose whatsoever.

Section 3.3 Policy Performance. In addition to undertaking the specific policy, legal and regulatory reform commitments identified in Annex I (if any), the Government will seek to maintain and to improve its level of performance under the policy criteria identified in Section 607 of the MCA Act, and the selection criteria and methodology used by MCC.

Section 3.4 Accuracy of Information. The Government assures MCC that, as of the date this Compact is signed by the Government, the information provided to MCC by or on behalf of the Government in the course of reaching agreement with MCC on this Compact is true, correct and complete in all material respects.

Section 3.5 Implementation Letters. From time to time, MCC may provide guidance to the Government in writing on any matters relating to this Compact, MCC Funding or implementation of the Program (each, an “*Implementation Letter*”). The Government will use such guidance in implementing the Program. The Parties may also issue jointly agreed-upon Implementation Letters to confirm and record their mutual understanding on aspects related to the implementation of this Compact, the PIA or other related agreements.

Section 3.6 Procurement and Grants.

(a) The Government will ensure that the procurement of all goods, works and services by the Government or any Provider to implement the Program will be in accordance with MCC's Program Procurement Guidelines (the "**MCC Program Procurement Guidelines**"). The MCC Program Procurement Guidelines include the following requirements, among others:

- (i) open, fair, and competitive procedures must be used in a transparent manner to solicit, award and administer contracts and to procure goods, works and services;
- (ii) solicitations for goods, works, and services must be based upon a clear and accurate description of the goods, works and services to be acquired;
- (iii) contracts must be awarded only to qualified contractors that have the capability and willingness to perform the contracts in accordance with their terms on a cost effective and timely basis; and
- (iv) no more than a commercially reasonable price, as determined, for example, by a comparison of price quotations and market prices, will be paid to procure goods, works and services.

(b) Unless MCC otherwise consents in writing, the Government will ensure that any grant issued in furtherance of the Program (each, a "**Grant**") is awarded, implemented and managed pursuant to open, fair and competitive procedures administered in a transparent manner acceptable to MCC. In furtherance of this requirement, and prior to the issuance of any Grant, the Government and MCC will agree upon written procedures to govern the identification of potential Grant recipients, including, without limitation, appropriate eligibility and selection criteria and award procedures. Such agreed procedures will be posted on the MiDA website.

Section 3.7 Records; Accounting; Covered Providers; Access.

(a) Government Books and Records. The Government will maintain, and will use its best efforts to ensure that all Covered Providers maintain, accounting books, records, documents and other evidence relating to the Program adequate to show, to MCC's satisfaction, the use of all MCC Funding and the implementation and results of the Program ("**Compact Records**"). In addition, the Government will furnish or cause to be furnished to MCC, upon its request, originals or copies of such Compact Records.

(b) Accounting. The Government will maintain and will use its best efforts to ensure that all Covered Providers maintain Compact Records in accordance with generally accepted accounting principles prevailing in the United States, or at the Government's option and with MCC's prior written approval, other accounting principles, such as those (i) prescribed by the International Accounting Standards Board, or (ii) then prevailing in Ghana. Compact Records must be maintained for at least five (5) years after the end of the Compact Term or for such longer period, if any, required to resolve any litigation, claims or audit findings or any applicable legal requirements.

(c) Access. Upon MCC's request, the Government, at all reasonable times, will permit, or cause to be permitted, authorized representatives of MCC, the Inspector General of MCC ("**Inspector General**"), the United States Government Accountability Office, any auditor

responsible for an audit contemplated herein or otherwise conducted in furtherance of this Compact, and any agents or representatives engaged by MCC or the Government to conduct any assessment, review or evaluation of the Program, the opportunity to audit, review, evaluate or inspect facilities, assets and activities funded in whole or in part by MCC Funding.

Section 3.8 Audits; Reviews.

(a) Government Audits. Except as the Parties may agree otherwise in writing, the Government will, on an annual basis (or on a more frequent basis if requested by MCC in writing), conduct, or cause to be conducted, financial audits of all disbursements of MCC Funding covering the period from signing of this Compact until the following December 31 and covering each twelve-month period thereafter ending December 31, through the end of the Compact Term. In addition, upon MCC's request, the Government will ensure that such audits are conducted by an independent auditor approved by MCC and named on the list of local auditors approved by the Inspector General or a United States-based certified public accounting firm selected in accordance with MCC's *Guidelines for Financial Audits Contracted by the Millennium Challenge Corporation's Accountable Entities* issued and revised from time to time by the Inspector General (the "**Audit Guidelines**"). Audits will be performed in accordance with the Audit Guidelines and be subject to quality assurance oversight by the Inspector General. Each audit must be completed and the audit report delivered to MCC no later than ninety (90) days after the applicable audit period, or such other period as the Parties may otherwise agree in writing.

(b) Audits of Other Entities. The Government will ensure that MCC financed agreements between the Government or any Provider, on the one hand, and (i) a United States nonprofit organization, on the other hand, state that the United States nonprofit organization is subject to the applicable audit requirements contained in OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, issued by the United States Office of Management and Budget; (ii) a United States for-profit Covered Provider, on the other hand, state that the United States for-profit organization is subject to audit by the applicable United States Government agency, unless the Government and MCC agree otherwise in writing; and (iii) a non-US Covered Provider, on the other hand, state that the non-US Covered Provider is subject to audit in accordance with the Audit Guidelines.

(c) Corrective Actions. The Government will use its best efforts to ensure that each Covered Provider (i) takes, where necessary, appropriate and timely corrective actions in response to audits, (ii) considers whether the results of the Covered Provider's audit necessitates adjustment of the Government's records, and (iii) permits independent auditors to have access to its records and financial statements as necessary.

(d) Audit by MCC. MCC will have the right to arrange for audits of the Government's use of MCC Funding.

(e) Cost of Audits, Reviews or Evaluations. MCC Funding may be used to fund the costs of any audits, reviews or evaluations required under this Compact.

ARTICLE 4.
COMMUNICATIONS

Section 4.1 Communications. Any document or communication required or submitted by either Party to the other under this Compact must be in writing and, except as otherwise agreed with MCC, in English. All such documents or communication must be submitted to the address of each Party set forth below or to such other address as may be designated by any Party in a written notice to the other Party.

To MCC:

Millennium Challenge Corporation
Attention: Vice President, Compact Operations
(with a copy to the Vice President and General Counsel)
875 Fifteenth Street NW
Washington, DC 20005
United States of America
Facsimile: +1 (202) 521-3700
Telephone: +1 (202) 521-3600
Email: VPOperations@mcc.gov (Vice President, Compact Operations)
VPGeneralCounsel@mcc.gov (Vice President and General Counsel)

To the Government:

Millennium Development Authority
Attention: Chairman of the Board
4th Floor, Heritage Tower
6th Avenue, Ridge
PMB MB 56, Ministries
Accra, Ghana
Facsimile: +233 302 666 579
Telephone: +233 302 666 619

To MiDA:

Millennium Development Authority
Attention: Chief Executive Officer
(with a copy to the General Counsel)
4th Floor, Heritage Tower
6th Avenue, Ridge
PMB MB 56, Ministries
Accra, Ghana
Facsimile: +233 302 666 579
Telephone: +233 302 666 619

Section 4.2 Representatives. For all purposes relevant to the implementation of this Compact, the Government will be represented by the individual holding the position of, or acting as,

Chairman of the Board of MiDA, and MCC will be represented by the individual holding the position of, or acting as, Vice President, Compact Operations (each of the foregoing, a “*Principal Representative*”). Each Party, by written notice to the other Party, may designate one or more additional representatives (each, an “*Additional Representative*”) for all purposes relevant to the implementation of this Compact except Section 6.2(a). The Government hereby designates the Chief Executive Officer of MiDA as an Additional Representative. MCC hereby designates the Deputy Vice President, Department of Compact Operations, Africa, as an Additional Representative. A Party may change its Principal Representative to a new representative that holds a position of equal or higher authority upon written notice to the other Party.

Section 4.3 Signatures. Signatures to this Compact and to any amendment to this Compact will be original signatures appearing on the same page or in an exchange of letters or diplomatic notes. With respect to all documents arising out of this Compact (other than the Program Implementation Agreement) and amendments thereto, signatures may be delivered by facsimile or electronic mail and in counterparts and will be binding on the Party delivering such signature to the same extent as an original signature would be.

ARTICLE 5.

TERMINATION; SUSPENSION; EXPIRATION

Section 5.1 Termination; Suspension.

(a) Either Party may terminate this Compact without cause in its entirety by giving the other Party thirty (30) days’ prior written notice. MCC may also terminate this Compact or MCC Funding without cause in part by giving the Government thirty (30) days’ prior written notice.

(b) MCC may, immediately, upon written notice to the Government, suspend or terminate this Compact or MCC Funding, in whole or in part, and any obligation related thereto, if MCC determines that any circumstance identified by MCC, as a basis for suspension or termination (as notified to the Government in writing) has occurred, which circumstances include but are not limited to the following:

(i) the Government fails to comply with its obligations under this Compact or any other agreement or arrangement entered into by the Government in connection with this Compact or the Program;

(ii) an event or series of events has occurred that makes it probable that the Program Objectives or any of the Project Objectives will not be achieved during the Compact Term or that the Government will not be able to perform its obligations under this Compact;

(iii) a use of MCC Funding or continued implementation of this Compact or the Program violates applicable law or United States Government policy, whether now or hereafter in effect;

(iv) the Government or any other person or entity receiving MCC Funding or using Program Assets is engaged in activities that are contrary to the national security interests of the United States;

(v) an act has been committed or an omission or an event has occurred that would render Ghana ineligible to receive United States economic assistance under Part I of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2151 *et seq.*), by reason of the application of any provision of such act or any other provision of law;

(vi) the Government has engaged in a pattern of actions inconsistent with the criteria used to determine the eligibility of Ghana for assistance under the MCA Act; and

(vii) the Government or another person or entity receiving MCC Funding or using Program Assets is found to have been convicted of a narcotics offense or to have been engaged in drug trafficking.

Section 5.2 Consequences of Termination, Suspension or Expiration.

(a) Upon the suspension or termination, in whole or in part, of this Compact or any MCC Funding, or upon the expiration of this Compact, the provisions of Section 4.2 of the Program Implementation Agreement will govern the post-suspension, post-termination or post-expiration treatment of MCC Funding, any related Disbursements and Program Assets. Any portion of this Compact, MCC Funding, the Program Implementation Agreement or any other Supplemental Agreement that is not suspended or terminated will remain in full force and effect.

(b) MCC may reinstate any suspended or terminated MCC Funding under this Compact if MCC determines that the Government or other relevant person or entity has committed to correct each condition for which MCC Funding was suspended or terminated.

Section 5.3 Refunds; Violation.

(a) If any MCC Funding, any interest or earnings thereon, or any Program Asset is used for any purpose in violation of the terms of this Compact, then MCC may require the Government to repay to MCC in United States Dollars the value of the misused MCC Funding, interest, earnings, or asset, plus interest within thirty (30) days after the Government's receipt of MCC's request for repayment. The Government will not use MCC Funding, proceeds thereof or Program Assets to make such payment.

(b) Notwithstanding any other provision in this Compact or any other agreement to the contrary, MCC's right under Section 5.3(a) to obtain a refund will continue during the Compact Term and for a period of (i) five (5) years thereafter or (ii) one (1) year after MCC receives actual knowledge of such violation, whichever is later.

Section 5.4 Late Payment Interest. If the Government fails to pay any amount under this Compact or the Program Implementation Agreement when due (including amounts under Section 2.8(c) and 5.3(a)), interest will be paid on such unpaid amount. Interest will accrue on such unpaid amount at a rate equal to the then current US Treasury Current Value of Funds Rate, calculated on a daily basis and a 360-day year from the due date of such payment until such amount is paid in full. Any such payment will first be credited against interest due, and once the interest due amount is extinguished, then payments will be credited against outstanding principal.

Section 5.5 Survival. The Government's responsibilities under this Section and Sections 2.7, 2.8, 3.2(f), 3.7, 3.8, 5.2, 5.3, 5.4 and 6.4 will survive the expiration, suspension or termination of

this Compact, provided that the terms of Section 2.8 will survive for only one hundred and twenty (120) days following this Compact's expiration.

ARTICLE 6.

COMPACT ANNEXES; AMENDMENTS; GOVERNING LAW

Section 6.1 Annexes. Each annex to this Compact constitutes an integral part hereof, and references to "Annex" mean an annex to this Compact unless otherwise expressly stated.

Section 6.2 Amendments and Modifications.

(a) The Parties may amend this Compact only by a written agreement.

(b) Notwithstanding subsection (a) of this Section 6.2, the Parties agree that the Government and MCC may, by written agreement which will enter into force upon signature, modify any Annex to (i) suspend, terminate or modify any Project or Activity, (ii) change the allocations of funds as set forth in Annex II as of the date hereof, (iii) modify the implementation framework described in Annex I, (iv) add, change or delete any indicator, baseline or target or other information set forth in Annex III as of the date hereof in accordance with the MCC M&E Policy, (v) add, delete or waive any condition precedent described in Annex IV; *provided that*, in each case, any such modification (A) is consistent in all material respects with the Program Objectives and Project Objectives, (B) does not cause the amount of Program Funding to exceed the aggregate amount specified in Section 2.1 (as may be modified by operation of Section 2.2(e)), (C) does not cause the amount of Compact Implementation Funding to exceed the aggregate amount specified in Section 2.2(a), (D) does not reduce the Government's responsibilities or contribution of resources required under Section 2.6(a), and (E) does not extend the Compact Term.

(c) The Parties understand that any modification of any Annex or to any other provision of this Compact pursuant to this Section 6.2 may be entered into by the Government without the need for further action by the Government (including any parliamentary action), or satisfaction of any additional domestic requirements of Ghana.

Section 6.3 Inconsistencies. In the event of any conflict or inconsistency between:

(a) any Annex and any of Articles 1 through 8, such Articles 1 through 8, as applicable, will prevail; or

(b) this Compact and any other agreement between the Parties regarding the Program, this Compact will prevail.

Section 6.4 Governing Law. This Compact is an international agreement and as such will be governed by the principles of international law.

Section 6.5 Additional Instruments. Any reference to activities, obligations or rights undertaken or existing under or in furtherance of this Compact or similar language will include activities, obligations and rights undertaken by, or existing under or in furtherance of any agreement, document or instrument related to this Compact and the Program.

Section 6.6 References to MCC Website. Any reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a document or information available on, or notified by posting on the MCC Website will be deemed a reference to such document or information as updated or substituted on the MCC Website from time to time.

Section 6.7 References to Laws, Regulations, Policies and Guidelines. Each reference in this Compact, the PIA or any other agreement entered into in connection with this Compact, to a law, regulation, policy, guideline or similar document will be construed as a reference to such law, regulation, policy, guideline or similar document as it may, from time to time, be amended, revised, replaced, or extended and will include any law, regulation, policy, guideline or similar document issued under or otherwise applicable or related to such law, regulation, policy, guideline or similar document.

Section 6.8 MCC Status. MCC is a United States government corporation acting on behalf of the United States Government in the implementation of this Compact. MCC and the United States Government assume no liability for any claims or loss arising out of activities or omissions under this Compact. The Government waives any and all claims against MCC or the United States Government or any current or former officer or employee of MCC or the United States Government for all loss, damage, injury, or death arising out of activities or omissions under this Compact, and agrees that it will not bring any claim or legal proceeding of any kind against any of the above entities or persons for any such loss, damage, injury, or death. The Government agrees that MCC and the United States Government or any current or former officer or employee of MCC or the United States Government will be immune from the jurisdiction of all courts and tribunals of Ghana for any claim or loss arising out of activities or omissions under this Compact.

ARTICLE 7.

ENTRY INTO FORCE

Section 7.1 International Agreement. The Government will proceed in a timely manner to complete all of its domestic requirements for this Compact to enter into force. The Parties understand that this Compact and the PIA, upon entry into force, will prevail over the domestic laws of Ghana.

Section 7.2 Conditions Precedent to Entry into Force. Before this Compact enters into force:

- (a) the Program Implementation Agreement must have been signed by the parties thereto;
- (b) The Government must have delivered to MCC:
 - (i) a letter signed and dated by the Principal Representative of the Government, or such other duly authorized representative of the Government acceptable to MCC, confirming that the Government has completed its domestic requirements necessary for this Compact to enter into force and that the other conditions precedent to entry into force in this Section 7.2 have been met;

(ii) a signed legal opinion from the Attorney General of Ghana (or such other legal representative of the Government acceptable to MCC), in form and substance satisfactory to MCC;

(iii) complete, certified copies of all decrees, legislation, regulations or other governmental documents relating to the Government's domestic requirements necessary for this Compact and the PIA to enter into force, which MCC may post on its website or otherwise make publicly available;

(c) MCC shall not have determined, at the time of this Compact's entry into force, that the Government has engaged in a pattern of actions inconsistent with the eligibility criteria for MCC Funding;

(d) The Government must have delivered to MCC evidence:

(i) that the tender documents for an Acceptable ECG PSP Transaction have been released for competitive selection through an open and transparent process acceptable to MCC;

(ii) of substantial compliance with the Gas Action Plan, including providing copies of the executed agreements required in accordance with the Gas Action Plan;

(iii) that a long term Gas Sector Master Plan, acceptable to MCC, has been approved by the Government;

(iv) of substantial compliance with the Electric Distribution Utility Payment Action Plan; and

(v) of approval and implementation of quarterly tariff adjustments in accordance with the existing formula for each of the calendar quarters between the initial CIF Disbursement and entry into force of this Compact.

For the avoidance of doubt, the conditions specified in this Subsection reflect policy commitments made by the Government prior to the execution of this Compact.

Section 7.3 Date of Entry into Force. This Compact will enter into force on the date of the letter from MCC to the Government in an exchange of letters confirming that MCC has completed its domestic requirements for entry into force of this Compact and that the conditions precedent to entry into force in Section 7.2 have been met to MCC's satisfaction.

Section 7.4 Compact Term. This Compact will remain in force for five (5) years after its entry into force, unless terminated earlier under Section 5.1 (the "**Compact Term**").

Section 7.5 Provisional Application. Upon signature of this Compact, and until this Compact has entered into force in accordance with Section 7.3, the Parties will provisionally apply the

terms of this Compact; *provided that*, no MCC Funding, other than Compact Implementation Funding, will be made available or disbursed before this Compact enters into force.

ARTICLE 8.

TRANCHE II FUNDING AND ADDITIONAL GOVERNMENT RESPONSIBILITIES

Section 8.1 Conditions Precedent to Initial Tranche II Funding Disbursement. In addition to the relevant conditions set forth in the Program Implementation Agreement, each of the following conditions must be met to MCC's satisfaction prior to the initial Tranche II Funding Disbursement:

- (a) the Government must provide evidence that an Acceptable ECG PSP Transaction has achieved Financial Close and, if necessary, received approval from the Ghanaian Parliament to execute such Acceptable ECG PSP Transaction;
- (b) the Government must provide evidence of substantial compliance with the Tariff Plan; and
- (c) the Government must provide evidence of substantial compliance with the Electric Distribution Utility Payment Action Plan.

Section 8.2 Failure to Satisfy Conditions Precedent to Initial Tranche II Funding Disbursement. The conditions precedent to the initial Tranche II Funding Disbursement must have been satisfied no later than two (2) years after the date this Compact enters into force. If each of the conditions precedent to the initial Tranche II Funding Disbursement have not been satisfied within two (2) years after the date this Compact enters into force, then:

- (a) MCC will by written notice to the Government reduce the amount of Program Funding by the total amount of Tranche II Funding and de-obligate the total amount of Tranche II Funding from the Compact; and
- (b) Tranche II Funding will not be available to be reallocated to the Program during the Compact Term.

Section 8.3 Additional Government Responsibilities. The Government will ensure that:

- (a) ECG or NEDCo does not enter into any financial arrangements that MCC reasonably determines would have a material adverse effect on ECG or NEDCo's business, operations, liabilities, conditions (financial or otherwise), or the prospects for carrying out the Acceptable ECG PSP Transaction or the Acceptable NEDCo PSP Transaction; and
- (b) except for electricity bills subject to debt recovery actions, unpaid electricity bills incurred since the signing of this Compact owed to ECG and NEDCo by the Agreed MDAs, will not be more than sixty (60) days past due.

SIGNATURE PAGE FOLLOWS ON THE NEXT PAGE

IN WITNESS WHEREOF, each Party, by its duly authorized representative, has signed this Compact.

Done at Washington, DC, United States of America, this 5th day of August, 2014 in the English language only.

FOR THE UNITED STATES OF
AMERICA, ACTING THROUGH THE
MILLENNIUM CHALLENGE
CORPORATION

FOR THE REPUBLIC OF GHANA

/ s /

/ s /

Name: Dana J. Hyde
Title: Chief Executive Officer

Name: Seth Emmanuel Terkper
Title: Minister of Finance

ANNEX I

PROGRAM DESCRIPTION

This Annex I describes the Program that MCC Funding will support in Ghana during the Compact Term.

A. PROGRAM OVERVIEW

1. Background and Consultative Process.

(a) Background.

Ghana was selected as eligible to develop this Compact prior to completion of a \$547 million compact which entered into force in February 2007 and was completed in February 2012 and which aimed to reduce poverty by raising farmer incomes through private sector-led agribusiness development and to enhance the competitiveness of Ghana's agricultural products in regional and international markets through investments in agriculture, transportation and rural development (the "*First Compact*").

At roughly the same time it was named eligible to develop this Compact, Ghana was also named one of four countries to participate in the pilot for the Partnership for Growth ("*Partnership for Growth*"), an initiative intended to create the next generation of emerging markets through better coordinated and strategically focused United States Government ("*USG*") programs and resources. Based on an analysis of the obstacles to economic growth ("*Constraints Analysis*"), conducted jointly by a team of Government, United States Agency for International Development ("*USAID*") and MCC economists, three key constraints to economic growth were identified: insufficient and unreliable power, lack of access to credit, and insecure land use rights. The Government selected the power sector as the area of focus for its proposed second compact while the Partnership for Growth program in Ghana focuses on the power and credit sectors.

(b) Consultative Process.

Throughout the development of this Compact, the Government engaged in an inclusive consultative process, conducting consultations across Ghana and in the United States. Together with MCC, the Government has utilized several formal mechanisms to solicit direct input to inform project selection and design from relevant stakeholders at different steps in the process.

Based on extensive consultation around the Constraints Analysis, the Government selected power as the binding constraint and focus for this Compact. This initial round of consultations led to even more extensive discussion while preparing concept notes and papers with the objective of (i) providing a platform for stakeholders to understand root causes of problems in the power sector, (ii) gathering experiential information from stakeholders to serve as the basis of proposed compact investments, and (iii) providing information to garner support for the Program. Formats employed included round tables, workshops, public forums, interactive websites, and media interaction with a wide range of parties – utilities, Government representatives, legislators, industry and financial institutions, trade associations and unions,

policy institutions and think tanks, academics, representatives of civil society and non-governmental organizations, private citizens across the geographic regions of Ghana.

There has been a high level of private sector engagement with meaningful results in both the United States and in Ghana. Companies represented in the private sector stakeholders group range from the gas sector to generation and distribution and include independent power producers, international banks and financial institutions, equipment suppliers, utility managers and international oil companies, among others.

Public consultations have and are expected to continue into the implementation phase. Central to the Program is the introduction of private sector participation in distribution, which requires consultation between the Government and the private sector. The Access Project depends on continued consultation with and feedback from potential beneficiaries and the distribution utilities in order to refine the interventions. The Energy Efficiency and Demand Side Management Project relies heavily on communications, public education and outreach to ensure the general public and targeted customer groups are aware of cost-effective energy saving opportunities.

2. Description of Program and Beneficiaries.

(a) Description.

The Program consists of six Projects: (i) the ECG Financial and Operational Turnaround Project; (ii) the NEDCo Financial and Operational Turnaround Project; (iii) the Regulatory Strengthening and Capacity Building Project; (iv) the Access Project; (v) the Power Generation Sector Improvement Project; and (vi) the Energy Efficiency and Demand Side Management Project. These Projects respond to constraints to economic growth by aiming to improve the reliability and quality of power in Ghana.

Each Project is generally described in Part B of this Annex I. Part B also identifies one or more Activities that will be undertaken in furtherance of each Project.

(b) Beneficiaries.

Each Project of the Compact is intended to further poverty reduction through economic growth. Specific beneficiaries are identified in greater detail in Part B of this Annex I. Estimated numbers of beneficiaries for each Project are presented in the table below.

Project	Short Term Estimated Beneficiaries (During the Compact Term)	Long Term Estimated Beneficiaries (From the end of the Compact Term to 20 years thereafter)
ECG Financial and Operational Turnaround Project	4.8 million	7.6 million
NEDCo Financial and Operational Turnaround Project	1.4 million	2.2 million

Project	Short Term Estimated Beneficiaries (During the Compact Term)	Long Term Estimated Beneficiaries (From the end of the Compact Term to 20 years thereafter)
Regulatory Strengthening and Capacity Building Project (beneficiaries incorporated in ECG/NEDCo Financial and Operational Turnaround Projects)	N/A	N/A
Access Project	TBD	TBD
Power Generation Sector Improvement Project	19.6 million	41.8 million
Energy Efficiency and Demand Side Management Project	19.6 million	41.8 million

3. Environmental and Social Performance.

All of the Projects will be implemented consistent with the MCC Environmental Guidelines, the International Finance Corporation Performance Standards on Environmental and Social Sustainability, the MCC Gender Policy, and Ghana’s laws, regulations, licenses, and permits. Where there is a difference between these standards, the stricter applies.

In this context, the Government will: (a) develop, adopt, and implement an Environmental and Social Management System (“*ESMS*”) for MiDA and other Government agencies, as necessary, for all Compact Activities; (b) undertake, cooperate with or complete (as needed) necessary studies or plans including but not limited to Environmental and Social Impact Assessments (“*ESIA*”), Environmental and Social Management Plans (“*ESMP*”), environmental and social audits, Resettlement Policy Frameworks (“*RPF*”), and Resettlement Action Plans (“*RAP*”); (c) ensure that Project-specific ESMPs are developed and all relevant measures contained in such plans are integrated into project design and the applicable procurement documents and associated finalized contracts; and (d) implement appropriate environmental and social measures identified in such assessments or plans or developed to address environmental and social issues identified during compact implementation. All these actions will be completed in form and substance satisfactory to MCC. Unless MCC agrees otherwise in writing, the Government will fund all necessary costs of environmental and social mitigation measures (including, without limitation, costs of resettlement) not specifically provided for, or that exceed the MCC Funding specifically allocated for such costs in the Multi-Year Financial Plan.

4. Social and Gender Integration.

To maximize the positive social impacts of the Projects, address cross-cutting social and gender issues such as human trafficking, child and forced labor, and HIV/AIDS, and ensure compliance with the MCC Gender Policy, the Government will: (a) develop a comprehensive social and gender integration plan which, at a minimum, incorporates the findings of a comprehensive social and gender analysis, identifies approaches for regular, meaningful and inclusive consultations with women and other vulnerable/under-represented groups, consolidates the findings and recommendations of Project-specific social and gender analyses and sets forth strategies for incorporating findings of the social and gender analyses into final Project designs

as appropriate (“*Social and Gender Integration Plan*”); and (b) ensure, through monitoring and coordination during implementation, that final Activity designs, construction tender documents, other bidding documents and implementation plans are consistent with and incorporate the outcomes of the social and gender analyses and Social and Gender Integration Plan.

B. DESCRIPTION OF PROJECTS

Set forth below is a description of each of the Projects that the Government will implement, or cause to be implemented, using MCC Funding to advance the applicable Project Objective. In addition, specific activities that will be undertaken within each Project (each, an “*Activity*”), are also described.

1. ECG Financial and Operational Turnaround Project.

(a) Summary of Project and Activities.

The ECG Financial and Operational Turnaround Project consists of five Activities that, taken together, are intended to reduce implicit subsidies (created by losses, underpricing and under-billing), ensure ECG runs on sound commercial principles to become creditworthy and serve as a credible offtaker under purchased power agreements, and ensure ECG recovers its costs and invests in maintenance and expansion without requiring regular financial support from the Government.

The ECG Financial and Operational Turnaround Project pursues a two-pronged approach – strengthening the governance and management of ECG by bringing in an Acceptable ECG PSP Provider through a form of PSP coupled with infrastructure and foundational investments designed to reduce technical, commercial and collection losses and improve service quality.

(i) Private Sector Participation Activity.

The Private Sector Participation Activity will provide support for the design and execution of an Acceptable ECG PSP Transaction. Funding for this Activity is intended to cover the following interventions:

(A) Transaction advisory services to (1) advise the Government in the design and implementation of an international tender to select an Acceptable ECG PSP Provider, supporting the Government until Financial Close; (2) assist with producing the relevant documents for the Acceptable ECG PSP Transaction in close collaboration and consultation with the relevant authorities in view of the Government’s main objectives: (a) improved performance in the delivery of electricity services to be measured by specific key performance indicators, (b) mobilization of private investment, (c) fostering of local private participation both in the capital of the utility and as outsourcing/subcontractors, and (d) increase in competition in the ECG service area, in line with the development and consolidation of the utility through liberalization of the energy market for large consumers, progressively reducing the threshold used to allow users to contract directly with generators and/or introduction of commercialization companies in the ECG service area.

(B) Assistance with targeted communications strategy, outreach, and consultation to gain support of stakeholders;

(C) Consultation with management and employees of ECG to gain support for PSP; and

(D) Consultancy to design the institutional set-up for the Acceptable ECG PSP Transaction.

(ii) Modernizing Utility Operations Activity.

The Modernizing Utility Operations Activity is designed to introduce modern tools to ECG, build the capacity of ECG's staff to use the tools, and provide a robust communication network for ECG. It also includes a number of interventions to support development of the integrated loss management approach to utility turnaround and to help ECG Target Regions within its service territory implement change as well as support ECG with program management of commercial and network improvements. Specific interventions include:

(A) Installation of a Geographic Information System ("**GIS**") based distribution management system, grid digitization, and customer census to record and store basic data that includes distribution asset management, distribution system attributes and characteristics, customer locations and characteristics for planning purposes.

(B) Installation of an Enterprise Resource Planning ("**ERP**") system and integration with existing enterprise applications for the purpose of facilitating the flow of information between business functions within ECG and managing connections to outside stakeholders.

(C) Provision of technical assistance to strengthen Project implementation through the hiring of qualified advisors in the following areas: (1) Senior Advisor for program direction and monitoring, with responsibility for supporting management with coordination between engineering, commercial and operations directorates; managing and controlling an integrated loss management support team; (2) Engineer Technical Advisor for planning and GIS implementation assistance for evaluation of losses, formulation of sectionalizing strategies, and performance improvement analyses; (3) Commercial Technical Advisor to support the loss control unit to become more effective in reducing commercial losses; and (4) Operations Technical Advisor to assist with coordination between the call center and the dispatch center, and to improve practices and procedures for restoration of service following outages. These advisors will work closely with ECG personnel to ensure capacity building and sustainable operations.

(D) Upgrade of data center and communications network to assist ECG in creating a data center compatible with current industry standards and to better manage the network.

(E) Loss characterization study to distinguish between technical and commercial losses in the ECG Target Regions.

(F) Technical assistance for tariff applications to provide ECG with the support and training needed to develop a rate case filing compliant with the Tariff Plan.

(G) Institutionalizing gender responsiveness to support gender auditing, development of a gender policy at ECG and support activities for strengthening institutional capacity of ECG to implement a gender policy and enhance the capacity of female employee associations through knowledge sharing, networking, and the development of internships and mentoring to university students in science and technology, particularly women.

(H) Assistance to the ECG training center in Tema in the form of provision of training tools and development/updating of course curricula.

(iii) Reduction in Commercial Losses and Improvement of Revenue Collection Rates Activity.

Commercial losses represent energy not billed to the customer due to irregularities causing inaccurate count of the energy used by a consumer. Collection inefficiency is another type of loss that occurs when the energy registered as used by a consumer is not paid for. Specific interventions to address commercial losses include:

(A) Creation of service connection standards and normalization of existing services to update existing standards with a new design; train ECG personnel to enforce the new standards; and repair and upgrade non-conforming services.

(B) Strengthening the loss control program by providing the loss control units at ECG with the means (training, tools, and equipment) to more effectively reduce commercial losses.

(C) Installation of automated meter reading meters at special load tariff service locations and on selected non-special load tariff service locations in the ECG Target Regions as well as installation of metering at critical nodes of the distribution system in the ECG Target Regions to provide ECG the ability to identify and monitor where technical and commercial losses are occurring.

(D) Replacement of legacy credit meters with pre-payment meters in the ECG Target Regions to improve collection efficiency and timely closing of monthly financial statements.

(iv) Technical Loss Reduction Activity.

Technical losses represent the energy lost in the electrical distribution lines and equipment. The interventions under this Activity will result in lowering thermal losses for the primary and secondary distribution systems in the ECG Target Regions. Specific interventions include:

(A) Updated distribution design and construction standards based upon currently accepted best practices to ensure compliance with international best practice for low loss and economical designs.

(B) Low voltage bifurcation and network improvements to reduce the length of the low voltage circuits to ensure they do not exceed a length that affects the quality of service and a technical loss threshold.

(C) Introduction of reactive power compensation for primary substations to optimize power levels at 33/11 kV substations.

(D) Installation of bulk supply points with feeders to existing primary substations to ease overloading based on the current demand forecast and to avoid rolling brownouts.

(E) Installation of primary substations with interconnecting sub-transmission links and medium voltage offloading circuits to help reduce technical losses and avoid extended outages caused by failures or maximum capacity reached at geographically adjacent substations.

(v) Outage Reduction Activity.

Outages cause ECG to lose money from unrealized electricity sales and undermine consumer confidence in the utility's ability to provide reliable service. The Outage Reduction Activity will improve service and increase sales. The interventions under this Activity include:

(A) Installation of outage management system to identify outage locations and causes and serve to reduce outage frequencies and durations.

(B) Sectionalizing study of ECG Target Regions and automation of medium voltage networks and system control and data acquisition expansion to locate sectionalizing devices in the 11 kV network to reduce the geographic area affected by outages.

(C) Provision of specialized vehicles, tools, and equipment required for fault clearance and restoration of outages in the ECG Target Regions.

(b) Beneficiaries.

The primary beneficiaries of the ECG Financial and Operational Turnaround Project are consumers of electricity engaged in productive activity in the ECG Target Regions. These regions generate over 22 percent of the gross domestic product (“**GDP**”) of Ghana and represent more than 23 percent of ECG's total customers. The proposed interventions are expected to reduce losses in added value in terms of lost income to the owners of businesses (or owner-operators as the case may be for informal activities) and wages because of service disruptions.

(c) Environmental and Social Performance.

According to MCC Environmental Guidelines, the ECG Financial and Operational Turnaround Project is likely to be considered a “Category B” project. The most likely environmental impacts arising from the ECG Financial and Operational Turnaround Project are (i) risks to worker health and safety in the construction and operation of distribution infrastructure and (ii) risks to community health and safety from construction and operation of distribution infrastructure. The social impacts that may be the most important are (i) involuntary resettlement (including economic or physical displacement, temporary or permanent) along rights of way for distribution lines or in the acquisition of new or expanded sites for bulk supply points or substations, and (ii) removal of unauthorized connections causing loss of access to electricity by paying customers with illegal connections.

A Framework Environmental and Social Impact Assessment (“*FESIA*”) and an Environmental and Social Management Framework (“*ESMF*”) have been developed as part of the 609(g) Agreement to address the overall environmental and social issues associated with the rehabilitation of the distribution system; identify, screen and assess key risks; and propose appropriate measures to manage such risks and impacts. The ESMF focuses on qualitative impacts and general rules, regulations, and management and mitigation measures rather than on quantifying the impacts of site-specific interventions. In addition to the FESIA and ESMF, site specific ESIA and/or ESMPs will be developed (as needed) when the precise project locations become known in order to assess and mitigate risks specific to those sites.

A RPF has been undertaken as part of the 609(g) Agreement to lay the groundwork for later development of region and site-specific RAP to be developed under the Compact.

(d) Social and Gender Integration.

In line with the overall objective of modernizing ECG’s operational practices, interventions under the Modernizing Utility Operations Activity coupled with other potential interventions recommended by the gender audit will ultimately provide policy frameworks to ensure equal opportunities for women and men, improve work place environment and promote the full participation of women in the energy sector.

(e) Donor Coordination.

MCC has been engaged with the active group of donors investing in the power sector in Ghana. This Compact was developed with frequent consultation and input from these partners: IFC and World Bank; African Development Bank; Agence Française de Développement; and the Swiss Development Agency.

(f) USAID and USG.

Ghana is a pilot country for the Partnership for Growth. It is also one of the first countries selected to participate in the Power Africa initiative (“*Power Africa*”), a new platform that serves to focus attention on the importance of electricity to economic growth and places a strong emphasis on private sector investment in the energy sector. A table highlighting these partnerships follows:

Partner	Sub-Sector	Involvement in Sector
USAID	Distribution	<ul style="list-style-type: none"> • Funding integrated resource plan • Providing technical assistance for change management within ECG
Power Africa	Distribution	<ul style="list-style-type: none"> • Funding Private Sector Participation workshop • Potentially providing transaction support for IPPs
USTDA	Distribution and Transmission	<ul style="list-style-type: none"> • Providing technical assistance to NEDCo for assessing management and operations capabilities, business and investment planning; and developing financing and implementation strategies for the investment plan • Funding ECG Smart Grid applications feasibility study • Funding the Aboadze-Domunli-Prestea Transmission Line feasibility study
US EXIM	Distribution	<ul style="list-style-type: none"> • Funded \$350 million Self-Help Electrification Program which focused on rural electrification.
Sustainable Energy for All (SE4ALL)	Distribution	<ul style="list-style-type: none"> • Energy Access: ensure universal access to modern energy services, to include electricity and clean cooking facilities

(g) Sustainability.

The goal of the ECG Financial and Operational Turnaround Project is to ensure that ECG is financially and operationally sustainable with the ability to self-finance its operations going forward with minimal support from the Government. The approach to ensure the sustainability of ECG is to bring on board an Acceptable ECG PSP Provider under a long term agreement with the Government. The physical investments contemplated under this Project are accompanied by changes in business processes and reinforcement through technical assistance and training.

(h) Policy, Legal and Regulatory Reforms.

The Program embodies a reform agenda for the energy sector and advances a set of reforms that began in the 1990s. Full implementation of these reforms, especially PSP, in a timely manner is critical to the success of the Program. To ensure this, the Government must lead the reform supported by a reform unit within MiDA (the “*Reform Unit*”), working closely with ECG, NEDCo, and other Government entities to drive the day-to-day implementation of these reforms.

As currently designed, the ECG Financial and Operational Turnaround Project addresses a number of the Government’s policy objectives for the energy sector, more specifically: reducing technical and commercial losses in power supply; supporting the modernization and expansion of energy infrastructure to meet growing demand and ensure reliability; and improving the overall management, regulatory environment and operation of the energy sector. Introduction of PSP to ECG is intended to support modernization and to improve management and operations. With respect to future operations and financial viability of the sector, the Government has committed to become and remain current on its utility bills and to move over time toward cost reflective tariffs.

2. NEDCo Financial and Operational Turnaround Project.

(a) Summary of Project and Activities.

The NEDCo Financial and Operational Turnaround Project consists of the same categories of Activities and many of the same interventions as have been presented above for the ECG Financial and Operational Turnaround Project. However, given the different starting condition and outlook for NEDCo, there are some differences in approach summarized below.

The NEDCo Financial and Operational Turnaround Project will initially be confined to studies and technical assistance under the Private Sector Participation and Modernizing Utility Operations Activities below until the prospect of achieving an acceptable economic rate of return (“**ERR**”) can be demonstrated to the satisfaction of MCC, at which point the balance of the funding allocated to the NEDCo Financial and Operational Turnaround Project under the Multi-Year Financial Plan may be disbursed. Disbursements would be for the purpose of implementation of a set of strategic investments that satisfy standard MCC criteria for cost effectiveness, convey broad participation in the generation of incremental added value among beneficiaries, and meet other MCC environmental and social screening criteria.

(i) Private Sector Participation Activity.

The Private Sector Participation Activity will provide support for the design and execution of an Acceptable NEDCo PSP Transaction. Funding for this Activity is intended to cover the following interventions:

(A) Transaction advisory services to structure and bring the Acceptable NEDCo PSP Transaction to Financial Close;

(B) Assistance with targeted communications strategy, outreach and consultation to gain support of stakeholders;

(C) Consultation with management and employees of NEDCo to gain support for PSP;

(D) Consultancy to design the institutional set-up for the Acceptable NEDCo PSP Transaction;

(E) Management contract for the Acceptable NEDCo PSP Provider;

(F) Formalizing a financial plan, as required pursuant to Schedule 2 of the PIA, for a clear and transparent mechanism to cover NEDCo operating losses and capital expenditures; and

(G) Developing a plan for the separation of NEDCo from the Volta River Authority.

(ii) Modernizing Utility Operations Activity.

Similar to the interventions under the corresponding ECG Activity described above in paragraph 1(a)(ii) of Part B of this Annex I, the proposed interventions are as follows:

(A) Studies for the purpose of identification of strategic extensions of service and other asset improvements to (1) complement specific regional investments in agricultural development financed under the Feed the Future initiative of USAID and other Government and donor support and (2) facilitate growth in local industry, commerce and employment.

(B) Customer census integrated with GIS based distribution management system and service normalization such that, for those consumers whose meter installations are improperly installed or located, the connection will be normalized to ensure integrity of the services.

(C) Installation of a customer information system and integration with automated meter reading and prepayment metering system to integrate multiple business applications with which NEDCo will manage its core business functions.

(D) Providing technical assistance and system monitoring/control to strengthen Project implementation through the hiring of qualified advisors in the following areas: (a) Senior Advisor with commercial experience for program direction and monitoring, having responsibility for supporting management with coordination between engineering and operations directorates; managing and controlling an integrated loss management support team; and supporting the commercial directorate on implementation of commercial loss reduction measures; and (b) Engineer and Operations Advisor to train and develop the engineering department in planning and cost effective measures to modern utility standards. These advisors will work closely with NEDCo personnel to ensure capacity building and sustainable operations.

(E) Development of a dedicated data center to store customer service, energy sales, billing, collection, and other mission-critical information and a communication network for NEDCo, compatible with current industry standards to support improvements in network operations.

(F) Loss characterization study to distinguish between technical and commercial losses in the NEDCo Target Regions.

(G) Technical assistance for development of rate case to provide NEDCo the support and training needed to develop a rate case compliant with the Tariff Plan.

(H) Institutionalizing gender responsiveness to support gender auditing, development of gender policy at NEDCo and support activities for strengthening institutional capacity of NEDCo to implement a gender policy and enhance the capacity of female employee associations through knowledge sharing, networking, and the development of internships and mentoring to university students in science and technology, particularly women.

(iii) Reduction in Commercial Losses and Improvement of Revenue Collection Rates Activity.

Proposed interventions for the Reduction in Commercial Losses and Improvement of Revenue Collection Rates Activity reflect the different needs of NEDCo as compared to those for ECG described above in paragraph 1(a)(iii) of Part B of this Annex I and include:

(A) Automated meter reading loss reduction project and installation of meters at critical nodes to provide NEDCo with the ability to identify and monitor where technical and commercial losses are occurring.

(B) Provision of service materials for new connections to facilitate timely and standardized connection of customers.

(C) Provision of operations and maintenance materials to allow NEDCo to perform emergency and routine repairs and maintenance on distribution feeders, laterals, distribution transformers and services.

(D) Provision of vehicles, tools, and equipment for operating staff to safely and adequately manage operating functions throughout NEDCo.

(E) Construction and upgrade of customer service centers to support NEDCo operating functions such as meter reading, bill delivery, collections, receiving and addressing customer complaints, and maintenance activities, all managed through local customer service centers.

(iv) Technical Loss Reduction Activity.

The proposed investments under the Technical Loss Reduction Activity, similar to those for ECG described above in paragraph 1(a)(iv) of Part B of this Annex I are:

(A) Update distribution design and construction standards to reflect best practice.

(B) Low voltage bifurcation and network improvements to reduce the length of the low voltage circuits to ensure they do not exceed a length that affects the quality of service and a technical loss threshold.

(C) Introduction of reactive power compensation for primary substations to optimize power levels at 34.5/11 kV substations.

(D) Rehabilitation/upgrade of lines and underground cables to replace aging medium voltage underground conductors subject to frequent faults that are causing outages.

(E) Conversion of shield wire scheme to convert the single-phase shield wire distribution service to three phase 34.5 kV distribution on wood or steel poles and energize communities in the NEDCo Target Regions.

(F) Installation of primary substations with interconnecting sub-transmission links and medium voltage offloading circuits conforming to NEDCo's standard substation design.

(v) Outage Reduction Activity.

The proposed investments under the Outage Reduction Activity, although on a more limited scale than those described above in paragraph 1(a)(v) of Part B of this Annex I for ECG, include:

(A) Installation of an outage management system to identify outage locations and causes and serve to reduce outage frequencies and durations.

(B) Sectionalization study of NEDCo Target Regions for the purpose of locating sectionalizing devices in the medium voltage network and implementing the recommendations in a pilot area to reduce the geographic area affected by outages when they do occur.

(b) Beneficiaries.

The primary beneficiaries are consumers of electricity engaged in productive activity located mainly in the NEDCo Target Regions. The proposed interventions are expected to reduce losses in added value in terms of lost income to the owners of businesses (or owner-operators as the case may be for informal activities) and wages because of service disruptions. The beneficiary analysis will be updated in conjunction with the computation of economic rates of return under the studies referenced in paragraph 2(a)(ii)(1) of Part B of this Annex I.

(c) Environmental and Social Performance.

According to MCC Environmental Guidelines, the NEDCo Financial and Operational Turnaround Project is likely to be considered a "Category B" project. The most likely environmental and social risks arising from the NEDCo distribution turnaround Project are the same as those identified for the ECG Project and, as such, the same mitigation measures and documentation requirements described in paragraph 1(c) of Part B of this Annex I apply.

(d) Social and Gender Integration.

The social and gender issues and challenges that women in utility companies experience also exist at NEDCo. The interventions under the Modernizing Utility Operations Activity are similar to those identified in the ECG Financial and Operational Turnaround Project described in paragraph 1(d) of Part B of this Annex I above.

(e) Sustainability.

For the most part, the approach to sustainability of the NEDCo Financial and Operational Turnaround Project is the same as that identified for the ECG Project described in paragraph 1(g) of Part B of this Annex I.

3. **Regulatory Strengthening and Capacity Building Project.**

(a) Summary of Project and Activities.

The Regulatory Strengthening and Capacity Building Project consists of two Activities – capacity building of the sector performance monitoring capabilities to ensure better reporting and tariff review, focused on the process of ratemaking and the structure of tariffs.

(i) Sector Performance Monitoring Capacity Building Activity.

The purpose of the Sector Performance Monitoring Capacity Building Activity is to provide capacity building for the Ministry of Energy and Petroleum (“**MoEP**”), National Development Planning Commission (“**NDPC**”), Public Utilities Regulatory Commission (“**PURC**”), and Energy Commission (“**EC**”) staff to strengthen their capacity for performance monitoring and ensuring service quality. The Regulatory Strengthening and Capacity Building Project will focus on regulatory monitoring and independent verification by MoEP, PURC and the EC.

This Activity will include the following interventions:

(A) Capacity and needs assessments with regards to data quality, monitoring systems (data collection, analysis, reporting, quality control, and communications) on key performance metrics identified for the Compact and Partnership for Growth and listed in the Electricity Supply and Distribution (Technical and Operational) Rules (L.I. 1816, 2005).

(B) Technical assistance in developing and implementing monitoring and reporting systems, including the development or improvement of MIS systems for MoEP.

(C) Support in strengthening the MoEP performance monitoring unit through a resident advisor in MoEP.

(D) Provision and training for EC and PURC staff on equipment and processes for proper independent monitoring and verification. This will include support in benchmarking and developing more realistic performance targets for licensed and regulated entities, either government owned or privately owned.

(E) Data quality audits and training in proper monitoring practices for sector stakeholders, including NDPC.

(F) Support for the publication and analysis of performance data for the sector, including NDPC, in order to enhance transparency.

(ii) Tariff Review and Regulation Activity.

The proposed interventions under this Activity, designed to strengthen ratemaking and other regulatory processes, are:

(A) Facilitating one or more partnership arrangements with qualified organizations comprised of state, national or international regulatory practitioners and technical experts. The partnership(s) will focus on regulatory strengthening (at the commissioner and key staff level) and enhancing the capacity of both PURC and the EC based on a skills gap analysis and needs assessment. Information sharing with regulators and experts through partnership activities will help identify best practices in regulation as well as areas for improvement within the PURC and EC regulatory structures.

(B) Various studies to include an updated cost of service study (at the levels of generation, transmission, and distribution), cost of unserved energy study, system losses study, willingness/ability to pay study, cross subsidization/lifeline study, quality of service performance index study, multiple dwelling study, and street lighting levy review. The purpose of these studies is to support the development, approval and implementation of the Tariff Plan. These studies will specifically address regulatory, policy, and infrastructure support to facilitate consumers' ability to sell power back to the grid (embedded generation, net metering and feed-in tariffs). This Activity will also address the effectiveness of current dispute resolution mechanisms available for tariff decisions, tariff setting and related issues and, to the extent necessary, make recommendations to align with best practices.

(b) Beneficiaries.

The immediate beneficiaries of the Regulatory Strengthening and Capacity Building Project would be the institutions and staff receiving the technical assistance and capacity building but the ultimate beneficiaries, when the new skills are applied, will be the customers of ECG and NEDCo.

(c) Environmental and Social Performance.

According to the MCC Environmental Guidelines, the Regulatory Strengthening and Capacity Building Project is considered a “Category C” project as the proposed activities are unlikely to have adverse environmental and social impacts.

(d) Sustainability.

The objective behind the Regulatory Strengthening and Capacity Building Project is to impart knowledge and skills to the staff of the policy and regulatory agencies, and change behaviors and incentives in the sector. Mentoring under the partnerships is intended to reinforce that over time. The Regulatory Strengthening and Capacity Building Project is intended to support changes in the governance, management and policies of the sector in order to ensure the sustainability of all sector investments.

4. Access Project.

(a) Summary of Project and Activities.

The objective of the Access Project is to improve access to reliable electricity among Micro, Small and Medium Enterprises in selected Markets and Economic Enclaves in urban and peri-urban areas in the ECG and NEDCo Target Regions. The Access Project is expected to provide

public lighting in Markets and Economic Enclaves, increase the number of new connections for MSMEs in targeted areas by reducing barriers to obtaining legal connections and strengthening partnerships among relevant institutions, thereby contributing to improved socially inclusive service delivery and increased productivity in Markets and Economic Enclaves. In addition, this Project will facilitate connections to social institutions (schools and health facilities) within the area of the Markets and Economic Enclaves.

MiDA will identify which Markets and Economic Enclaves within the ECG Target Regions and the NEDCo Target Regions meet mutually agreed upon selection criteria for participation in the Access Project (the “*Targeted Markets and Economic Enclaves*”). In order to advance project development and detailed design of activities, MiDA will conduct a comprehensive survey of the Targeted Markets and Economic Enclaves. Based on the survey outcome and other planned studies, detailed project design will be completed. MiDA will explore and act upon opportunities to structure the project design and roll-out of interventions in ways that will enable an impact evaluation to test which interventions are most effective in expanding the ability of MSMEs to obtain safe and legal connections to the grid. MiDA will explore opportunities, including partnering with other institutions, to promote innovative approaches and leverage additional resources to scale-up those interventions that prove successful and are cost-effective.

(i) Improved Electricity Supply to MSMEs and Social Institutions Activity.

The objective of this Activity is to improve the supply of electricity for MSMEs in Targeted Markets and Economic Enclaves and, to the extent possible, nearby social institutions.

To inform the design of this Activity, a power audit will be conducted in the Targeted Markets and Economic Enclaves and nearby social institutions to provide information on the status of existing electricity infrastructure; wiring standards; and potential fire hazards and recommend upgrades and corrective interventions to ensure reliability in electricity supply and safety. Following the recommendations of the power audit, the interventions envisaged under this Activity are as follows:

(A) Infrastructure upgrades and corrective actions in Targeted Markets and Economic Enclaves.

(B) Provision of metered Public Lighting in Targeted Markets and Economic Enclaves and Targeted Social Institutions to extend business operating hours, prevent theft and increase public safety, in particular for women.

(C) Electrification of Targeted Social Institutions that currently lack service.

The above interventions will be carried out in coordination with the Energy Efficiency and Demand Side Management Project.

(ii) Improving Service Delivery and Strengthening Partnerships Activity.

The objective of this Activity is to develop and implement technical and institutional approaches for broadening participation in the productive use of electricity that can be applied in the service areas of ECG and NEDCo. The interventions under this Activity are as follows:

(A) Conduct studies to better understand the various challenges MSMEs in Targeted Markets and Economic Enclaves experience in accessing legal and reliable electricity. The studies will examine (1) standards and requirements for connection, (2) ECG and NEDCo's institutional challenges in serving markets and economic enclaves, (3) customer perceptions of connection processes, (4) cost of connection, and (5) any other relevant barriers identified. Based on the outcome of these studies, design and implement solutions to address the various barriers MSMEs face in gaining legal and safe access to electricity. The implementation of the solutions will be scaled, organized and executed to allow robust impact evaluations where feasible.

(B) Conduct a study on the challenges MSMEs in Targeted Markets and Economic Enclaves face in using electricity for productive purposes, as well as the programs and services that are currently available to address those challenges. Based on the findings of the study, implement information outreach campaigns and other selected potential interventions recommended by the study to create opportunities for MSMEs to benefit from relevant programs and resources.

(C) Conduct an assessment of relevant institutions (market women associations, trade associations, MDAs, ECG and NEDCo) to identify the challenges in the relationships between utilities and end users of electricity and recommend interventions to improve coordination and partnerships and thereby outreach to and awareness among the stakeholders.

(D) Based on the outcome of the above assessment, design and implement interventions to (1) enhance the relevant institutions' capacity for coordination; and (2) strengthen partnerships for improving service delivery and promotion of safe practices of use of electricity.

(b) Beneficiaries.

Estimates for the number of beneficiaries will be established in more depth after the design phase. However, the Access Project will target Markets and Economic Enclaves within the ECG and NEDCo Target Regions. While specific sites have not yet been selected, direct beneficiaries of this intervention are MSMEs within the Markets and Economic Enclaves to be selected. Indirect beneficiaries will be social institutions such as schools and health clinics within the vicinity of the Markets and Economic Enclaves.

(c) Environmental and Social Performance.

According to MCC Environmental Guidelines, the Access Project is likely to be considered a "Category B" project, as minor environmental impacts may occur. Potential impacts are similar

to those anticipated with the ECG and NEDCo Financial and Operational Turnaround Projects since the Access Project will entail replacing some smaller sections of the distribution network such as light posts. These will include potential resettlement, social costs of replacing illegal connections as well as health and safety considerations. The environmental, social and resettlement studies (FESIA, site specific ESIA's and/or ESMPs, RPF and RAP) for the ECG and NEDCo Financial and Operational Turnaround Projects will also cover any impacts associated with the Access Project.

(d) Social and Gender Integration.

The Social and Gender Assessment of 2012 prepared by the Government and delivered to MCC identified the gap in electricity access between different income levels and highlighted preliminary issues with accessing electricity in Ghana. It also noted that women's income generating activities require high energy inputs while their access to modern energy for productive uses is limited. In accordance with MCC's Gender Policy, social and gender considerations have been taken into account in designing the Access Project. First, as most of the MSMEs in Markets are owned/operated by low-income women, increased lighting and access to electricity will open up opportunities to improve their income. Increased lighting will also contribute to a safe work environment. Second, through the partnership strengthening intervention, the capacity of trade associations, including market women associations, will be enhanced, allowing them to voice their concerns and giving them the necessary tools to engage in dialogue with respective authorities and utility companies to work on solutions to their power problems with the ultimate goal of promoting socially inclusive and gender responsive electricity service delivery.

(e) Sustainability.

The sustainability of the Access Project stems from its emphasis on creating long-term solutions, including partnerships, outreach, and awareness building, that will improve safe, cost effective, and legal electricity service among enterprises in the targeted regions. This Project will provide enhanced and improved service to poor yet economically productive end users while also reducing costs associated with illegal connections and the resultant hazards. The Project design and evaluation strategy will set the stage for scale up of successful interventions in other parts of the country. Moreover, this Project will be implemented in collaboration with other development partners working on strengthening local government institutions to improve infrastructure service delivery. Implementation of the Access Project will build on the lessons learned from previous initiatives.

(f) Policy, Legal and Regulatory Reforms.

The Access Project has been developed in furtherance of the Government's policy objective to increase access to modern forms of energy.

5. Power Generation Sector Improvement Project.

(a) Summary of Project.

The Power Generation Sector Improvement Project will support measures aimed at opening up the power sector and making it attractive to private investment in order to reach the Government's goals to have adequate installed generation capacity to meet demand. Ghana's power generation sub-sector and gas sector are undergoing transformation, as new indigenous gas supplies come on line and more independent power producer ("**IPP**") competition is encouraged. Activities under this Project address issues related to inadequate and unreliable gas supply, lack of a gas sector master plan and credible offtaker, uncoordinated capital expansion, as well as an unclear IPP framework. The Power Generation Sector Improvement Project is comprised of three Activities:

(i) Operationalize the "Gas to Power" Value Chain Activity.

This Activity will provide essential technical assistance to the Government to establish a sustainable, market-oriented gas sector in Ghana so that gas can serve as the principal fuel source to meet the growing demand for electricity at least cost. Specific interventions to accomplish this objective include:

(A) Embedded advisory support in the form of strategic advisors to lead the process of gas sector structuring and policy determination and serve as managers of short-term capacity building activities.

(B) Capacity building to develop work products arising from the Gas Action Plan and Gas Sector Master Plan, each with attendant training to Ghanaian stakeholders.

(ii) Facilitate Liquefied Natural Gas ("**LNG**") Development Activity.

This Activity is intended to position the Government to secure LNG supply in the short to medium term to support the diversification of fuel for power generation. This Activity will provide technical assistance in the form of advisory support and capacity building to complement the technical engineering feasibility and design studies already funded under the 609(g) Agreement. The intent is to provide the Government with the appropriate financial and technical analyses required to attract funding from the private sector or other donors for LNG development. Specific interventions include:

(A) LNG financial feasibility study to better understand the requirements for achieving Financial Close for an LNG project in Ghana.

(B) LNG sourcing and pricing study to deepen and update the understanding of potential sources of LNG and forecast of prices over a long-term period.

(C) Analysis of LNG transaction structures to develop options for Ghana.

(iii) Strengthen Sector Planning and IPP Framework Activity.

The objective of this Activity is to strengthen Ghana’s power generation sector by providing a methodology to obtain new generation capacity at the lowest cost to meet the growing demand for electricity and expressed commitment to obtain future generation plants through private sector investment. Interventions under this Activity include:

(A) Developing a least-cost integrated resource plan (“*IRP*”), installing an IRP system in Ghana, and providing associated capacity building for personnel in the energy sector. The IRP is a comprehensive plan for meeting forecasted annual peak energy demand (plus some established reserve margin) through a combination of supply-side and demand-side interventions over a specified period. This will allow the Government to conduct more effective strategic planning for the electricity grid and off grid systems and provide generation capacity from both traditional and renewable sources. The IRP will include a time-bound implementation plan which will make the plans for and the timing of the expansion of the power grid and additional generation capacity more transparent for stakeholders.

(B) Developing a set of standard forms of contract for IPPs – such as agreements for power purchase, government support, escrow, and fuel supply.

(C) Designing and providing core documents for IPP procurement processes (the “*IPP Solicitation Plan*”). The private sector promotion activities will cover both on-grid and off-grid options and will address the enabling environment for renewables. With respect to off-grid options, the Activity will examine market barriers to entry, recommend ways to strengthen opportunities for off-grid solutions, and design outreach approaches.

(D) Providing strategic advisors to lead the process of sector planning, oversee the IRP development, and serve as transaction advisors on the first competitive IPP transaction(s), which will include renewable energy sources.

(b) Beneficiaries.

The Power Generation Sector Improvement Project will directly benefit end users and the Government. In the long run, with additional investment in generation at least cost, the whole economy benefits – by reducing power outages, enhancing the sustainability of increased thermal generation and increasing the potential throughput to beneficiary electricity consumers by enabling base load production from gas. The Power Generation Sector Improvement Project will reduce energy cost to enterprises, households and industry, improve general economic productivity and support the preservation and creation of employment opportunities in the economy.

The Power Generation Sector Improvement Project will also benefit the following: (i) IPPs- stable fuel supply (competitively priced gas), clearly defined process, and regulatory certainty will lead to lower generation costs per kWh with a more predictable return on investment; (ii) investors in gas exploration and production due to clear, rational and commercial arrangements in the sector; and (iii) developers of renewable energy projects by lowering barriers to entry, creating clear contracting processes and transparent pricing.

(c) Environmental and Social Performance.

According to MCC Environmental Guidelines, this Project is considered a “Category C” project. The proposed Activities under this Project are unlikely to have adverse environmental and social impacts. Most of the Activities are focused on reforms to attract private sector investment. This Project’s emphasis on reform, coupled with MCC’s requirements to improve overall environmental and social management of the Compact, creates an opportunity to enhance Ghana’s environmental regulation during the life of the Compact and beyond.

(d) Donor Coordination.

MCC has been engaged with the active group of donors investing in the power sector in Ghana. The Compact was developed with frequent consultation and input from these partners: IFC, World Bank, Multilateral Investment Guarantee Agency; African Development Bank and the European Union/European Investment Bank. With respect to this Project, the World Bank is funding the preparation of the Gas Sector Master Plan.

(e) USAID and USG.

Ghana is a pilot country for Partnership for Growth and is also one of the first countries selected to participate in Power Africa. A table highlighting these partnerships follows:

Partner	Sub-Sector	Involvement in Sector
USAID	Generation	<ul style="list-style-type: none">• Providing consultants to undertake due diligence and prioritization of 23 licensed IPPs using least-cost criteria in consultation with World Bank and the Government• Providing technical assistance to the Ghana National Gas Company, developing the Gas Sector Action Plan, advising on commercial, financial and securitization issues
Power Africa	Generation	<ul style="list-style-type: none">• Providing potential transaction support for IPPs
USTDA	Generation	<ul style="list-style-type: none">• LNG reverse trade mission in 2013• Potentially funding power park feasibility study
US Dept. of Energy	Generation	<ul style="list-style-type: none">• Supporting development of Energy Efficiency and Demand Side Management Project
Sustainable Energy for All (SE4ALL)	Generation	<ul style="list-style-type: none">• Renewable Energy: double the share of renewable energy in the world’s energy mix• Energy Efficiency: double the pace at which the world improves its energy efficiency.

(f) Sustainability.

There are three facets integral to the sustainability of the Power Generation Sector Improvement Project: creating an enabling environment that reduces barriers and levels the playing field for private sector investment; creating a sustained, market-based solution for diverse fuel supply chains; and building appropriate capacity within the planning/regulatory bodies. These will

appropriately balance the objectives inherent in a competitive but regulated market: stability and predictability for investors and reliability and cost effectiveness for consumers.

The market-based and private sector enabling solutions are sustainable when delivered in combination with building appropriate regulatory capacity. Providing appropriate technical assistance while delivering useful and timely products and outputs to beneficiary agencies is best practice and leads to longer term success within these agencies.

(g) Policy, Legal and Regulatory Reforms.

The Power Generation Sector Improvement Project addresses a number of the Government's policy objectives for the energy sector, namely: securing long term fuel supplies for thermal power plants; supporting the modernization and expansion of energy infrastructure to meet growing demands and ensure reliability; and promoting and encouraging PSP in the energy sector.

The Power Generation Sector Improvement Project is premised on the following reforms being implemented: (i) operationalization of a Gas Action Plan and Gas Sector Master Plan based on policy decisions to establish a sustainable market-oriented gas sector in Ghana so that gas can serve as the principal fuel source to meet Ghana's growing demand for electricity at least cost; (ii) creation of an enabling environment that facilitates the Government's objective of developing LNG as an alternative fuel source for power generation; and lastly (iii) strengthening the IPP framework to support further opening up of the generation market to private investors in the form of IPPs and making the process for securing the right to develop such projects more open and transparent and conducted pursuant to a least cost plan.

6. Energy Efficiency and Demand Side Management Project.

(a) Summary of Project.

The Constraints Analysis documents that in Ghana the demand for electricity is outstripping supply, which creates a gap in power availability and also undermines the reliability of the system. Energy efficiency and demand side management policies and investments represent a cost-effective means to bridge this gap, serving, in effect, as sources of supply. The Energy Efficiency and Demand Side Management Project is organized into four Activities, each described below.

(i) Development and Enforcement of Standards and Labels Activity.

Energy efficiency standards and labelling will be developed to provide information on the energy efficiency performance of selected energy consuming appliances and products available on the market to help remove low-quality energy wasting products from sale and consumer households. In addition, the standards and labelling that do exist could benefit greatly from technical updates and enforcement support. Informative labels will help consumers to make informed decisions about purchasing higher quality products that may have a higher cost up front, but have a lower impact on household utility bills and thereby save money in the long run.

(ii) Improved Energy Auditing Activity.

Capacity building and training support for energy auditing will be provided to energy management professionals to ensure that a core of qualified and certified professionals are available in the Ghanaian market who can assist industrial and commercial customers in implementing cost effective energy savings measures. The capacity building will be complemented by investments in training centers and mobile test labs. This Activity also includes demonstration audits to stimulate the market and strengthen energy service companies that will effectively promote energy efficiency retrofits in industrial, institutional, and Government facilities.

(iii) Education and Public Information Activity.

Informed consumers allow markets to function more efficiently and effectively. Public education and information activities help ensure that consumers are fully informed regarding the benefit and trade-offs of higher efficiency appliances and equipment. This Activity potentially includes direct public education interventions targeting high energy peak load consumers and developing an energy efficiency component to integrate into the current school curriculum. Initial pilot tests and evaluation activities will allow testing of key assumptions regarding the role of information in energy efficiency adoption for the Ghanaian market.

(iv) Demand Side Management Infrastructure Activity.

This Activity will support the following interventions:

(A) Pilot tests and demonstrations of distributed applications (photo-voltaic back-up power, solar powered street lighting) focused on Government electricity customers to reduce electricity consumption in Government facilities.

(B) Conversion of conventional street lights in ECG Target Regions to LED street lighting.

(b) Beneficiaries.

Reducing energy waste will benefit all electricity consumers in Ghana, as it will make more electricity available at a cost far below that of new generation capacity. Individual activities will target retail consumers, industry, and Government agencies:

(i) The Development and Enforcement of Standards and Labels Activity will impact all consumers who use household and other appliances as its implementation occurs at the national level;

(ii) The Improved Energy Auditing Activity is geared toward industrial and commercial customers, but Government agencies may also show interest in participating;

(iii) The Education and Public Information Activity is meant to reach the general public. Target beneficiaries include high energy peak consumers, students and industrial and commercial actors;

(iv) The Demand Side Management Infrastructure Activity will impact a combination of the general public (through LED street lighting) and Government agencies (which will be the focus of solar PV demonstrations).

(c) Environmental and Social Performance.

According to MCC Environmental Guidelines, the Energy Efficiency and Demand Side Management Project is considered to be a “Category B” project as the Activities under this Project are unlikely to pose any significant environmental, health or safety hazards that could not be mitigated. The Demand Side Management Infrastructure Activity could potentially include minor construction or rehabilitation works that will require site specific ESIA’s and/or ESMP’s to be prepared. Associated risks would include worker health and safety.

(d) Sustainability.

The Energy Efficiency and Demand Side Management Project will promote the sustainability of the energy sector by making better use of available energy, reducing growth in demand and the need for new generation investment. This will improve the financial viability of utilities, both by reducing investment cost and increasing the ability of consumers to pay their bills.

This Project will also impact public behavior change in energy efficiency. It will catalyze changes in the market, allowing consumers to make informed decisions regarding the energy costs associated with their purchases. It also builds upon the demonstrated strength of Ghanaian institutions, which are leaders in energy efficiency.

(e) Policy, Legal and Regulatory Reforms.

The Energy Efficiency and Demand Side Management has been designed to further the policy objective of encouraging efficient and effective use of energy supply.

C. IMPLEMENTATION FRAMEWORK

1. Accountable Entity.

(a) Structure and Establishment.

The Government established an accountable entity, MiDA, in 2006 as a Ghanaian government corporation with independent authority under the laws of Ghana. MiDA will act as the Government’s permitted designee under this Compact.

MiDA will have operational and legal independence, including, *inter alia*, the ability to (i) enter into contracts in its own name; (ii) sue and be sued; (iii) establish a bank account in its own name; (iv) expend MCC Funding; and (v) engage contractors, consultants and/or grantees, including, without limitation, a procurement and fiscal agent.

MiDA’s internal operations are governed by a charter, which was required as part of the governmental decree establishing MiDA and by bylaws, which provide further detail on the internal operations of MiDA.

MiDA is administered, managed, and supported by the following bodies: (i) an independent board of directors (the “**Board**”); (ii) a management team (the “**Management Team**”); and (iii) one or more Stakeholders Committees (as defined below).

(b) Board of Directors.

The Board will have ultimate responsibility for the oversight, direction, and decisions of MiDA, as well as the overall implementation of the Compact. It is comprised of nine (9) voting members, plus three (3) non-voting observers identified below. The Board includes the following representatives / offices:

- (i) Chairman of the Board of MiDA, as appointed by the President of Ghana;
- (ii) The Minister or any other government official of the rank of director or higher from the Ministry of Energy and Petroleum, initially to be the Minister of Energy and Petroleum of Ghana;
- (iii) The Minister or any other government official of the rank of director or higher from the Ministry of Finance, initially to be the Minister of Finance;
- (iv) The Minister or any other government official of the rank of director or higher from the Ministry of Trade and Industry;
- (v) The Minister or any other government official of the rank of director or higher from the Ministry with oversight responsibility for MiDA;
- (vi) the Chief Executive Officer of MiDA;
- (vii) one representative, selected by the Private Enterprise Foundation;
- (viii) one representative, selected by the Association of Ghana Industries; and
- (ix) one representative, selected by the Ghana Association of Private Voluntary Organizations in Development.

In addition, an MCC representative, the Chairman of the Board of ECG and the Chairman of the Board of NEDCo will serve as non-voting members of the Board. The private sector and civil society representatives will be chosen by a transparent selection process approved by MCC.

(c) Management Team.

The Management Team reports to the Board and has principal responsibility for the day-to-day operations management of the Compact, including contracting, program management, financial management, reporting, and monitoring and evaluation. The Management Team is led by a Chief Executive Officer and as of the date of Compact signature is composed of the following officers and directors:

- (i) Chief Executive Officer;
- (ii) Chief Operating Officer;
- (iii) Chief Financial Officer;
- (iv) General Counsel
- (v) Procurement Director;
- (vi) Monitoring and Evaluation and Economics Director;
- (vii) Distribution Projects Director;
- (viii) Generation Projects Director;
- (ix) Reform Unit Director;
- (x) Environmental and Social Performance Director;
- (xi) Social and Gender Assessment Director;
- (xii) Communications Director; and
- (xiii) Internal Auditor.

(d) Reform Unit.

Given the importance of the reform program requiring support from the highest levels of Government, a Reform Unit will be created within MiDA that reports directly to the Board through the CEO. The Reform Unit will be responsible for taking action as needed on key reforms, working closely with MiDA in coordinating studies and consultants, developing a strategy to implement the proposed reform program, and establishing a review process to regularly evaluate progress on key items in the reform agenda.

(e) Stakeholders' Committee(s).

MiDA will be assisted by one or more stakeholders' committees, the composition of which is currently under discussion with the Government (the "*Stakeholders' Committee*"). The Stakeholders' Committee(s) will be responsible for continuing the consultative process throughout implementation of the Compact. While the Stakeholders' Committee(s) will not have any decision-making authority, the Stakeholders' Committee(s) will be responsible for reviewing, at the request of the Board or the Management Team, certain reports, agreements, and documents related to the implementation of the Compact in order to provide advice and input to MiDA regarding the implementation of the Program. The Stakeholders' Committee(s) may be composed of, *inter alia*, program beneficiaries, regional and local government representatives,

entities with an interest or involvement in the implementation of the Compact, key NGOs, and any applicable civil society and private sector representatives.

2. Implementing Entities.

Subject to the terms and conditions of this Compact, the Program Implementation Agreement and any other related agreement entered into in connection with this Compact, as noted above the Government intends to engage several entities of the Government to implement and carry out specified Activities (or a component thereof) under this Compact (each, an “***Implementing Entity***”). The appointment of any Implementing Entity will be subject to review and approval by MCC. The Government will ensure that the roles and responsibilities of each Implementing Entity and other appropriate terms are set forth in an agreement, in form and substance satisfactory to MCC (each an “***Implementing Entity Agreement***”).

3. Fiscal Agent.

Unless MCC agrees otherwise in writing, the Government will engage a fiscal agent (a “***Fiscal Agent***”) which will be responsible for assisting the Government with its fiscal management and assuring appropriate fiscal accountability of MCC Funding, and whose duties will include those set forth in the Program Implementation Agreement and such agreement as the Government enters into with the Fiscal Agent, which agreement will be in form and substance satisfactory to MCC.

4. Procurement Agent.

Unless MCC agrees otherwise in writing, the Government will engage a procurement agent (a “***Procurement Agent***”) which will be responsible for assisting the Government with procurement of goods, works and services using Compact Funding pursuant to procurement standards set forth in the MCC Program Procurement Guidelines, and whose duties will include those set forth in the Program Implementation Agreement and such agreement as the Government enters into with the Procurement Agent, which agreement will be in form and substance satisfactory to MCC.

ANNEX II

MULTI-YEAR FINANCIAL PLAN SUMMARY

This Annex II summarizes the Multi-Year Financial Plan for the Program.

1. General.

A multi-year financial plan summary (“*Multi-Year Financial Plan Summary*”) is attached hereto as Exhibit A to this Annex II. By such time as specified in the Program Implementation Agreement, the Government will adopt, subject to MCC approval, a multi-year financial plan that includes, in addition to the multi-year summary of estimated MCC Funding and the Government’s contribution of funds and resources, the annual and quarterly funding requirements for the Program (including administrative costs) and for each Project, projected both on a commitment and cash requirement basis.

2. Government Contribution.

During the Compact Term, the Government will make contributions, relative to its national budget and taking into account prevailing economic conditions, as are necessary to carry out the Government’s responsibilities under Section 2.6(a) of this Compact. These contributions may include in-kind and financial contributions (including obligations of Ghana on any debt incurred toward meeting these contribution obligations). In connection with this obligation the Government has developed a budget over the Compact Term to complement MCC Funding through budget allocations to the ECG and NEDCo Financial and Operational Turnaround Projects. The Government initially anticipates making contributions of approximately US\$23,115,000 (or 7.5 percent of the amount of Compact Implementation Funding and Tranche I Funding provided under this Compact) over the Compact Term. Upon satisfaction of the conditions precedent to the initial Tranche II Funding Disbursement, the Government anticipates making additional contributions of approximately US\$14,250,000 (or 7.5 percent of the amount of Tranche II Funding provided under this Compact). Such contribution will be in addition to the Government’s spending allocated toward such Project Objectives in its budget for the year immediately preceding the establishment of this Compact. The Government’s contribution will be subject to any legal requirements in Ghana for the budgeting and appropriation of such contribution, including approval of the Government’s annual budget by its legislature. The Parties may set forth in the Program Implementation Agreement or other appropriate Supplemental Agreements certain requirements regarding this Government contribution, which requirements may be conditions precedent to the Disbursement of MCC Funding. During implementation of the Program, the Government’s contributions may be modified or new contributions added with MCC approval, provided that the modified or new contributions continue to advance the Project Objectives.

EXHIBIT A
MULTI-YEAR FINANCIAL PLAN SUMMARY

(US\$)							
Compact Program Tranche I	CIF	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1. ECG Financial and Operational Turnaround Project – Tranche I							
1.1 Private Sector Participation	2,125,000	875,000	-	-	-	-	3,000,000
1.2 Modernizing ECG Operations	5,475,800	6,051,200	4,748,000	1,967,500	1,100,000	990,000	20,332,500
1.3 Commercial Loss Reduction	-	4,517,400	14,526,950	16,043,950	14,378,500	2,632,800	52,099,600
1.4 Technical Loss Reduction	-	6,470,500	12,876,900	18,149,850	19,791,200	6,123,650	63,412,100
1.5 Outage Reduction	-	-	2,854,150	5,061,700	2,801,700	-	10,717,550
Subtotal	7,600,800	17,914,100	35,006,000	41,223,000	38,071,400	9,746,450	149,561,750
2. NEDCo Financial and Operational Turnaround Project							
2.1 Private Sector Participation	1,125,000	375,000	500,000	2,200,000	2,600,000	3,200,000	10,000,000
2.2 Modernizing NEDCo Operations	2,404,000	-	2,601,500	6,010,300	5,885,150	1,127,550	18,028,500
2.3 Commercial Loss Reduction	-	-	514,000	1,389,700	5,070,900	4,570,600	11,545,200
2.4 Technical Loss Reduction	-	-	384,950	4,013,000	5,350,800	4,013,100	13,761,850
2.5 Outage Reduction	-	-	123,300	304,350	304,300	124,150	856,100
Subtotal	3,529,000	375,000	4,123,750	13,917,350	19,211,150	13,035,400	54,191,650
3. Regulatory Strengthening and Capacity Building Project							
3.1 Sector Performance Monitoring Capacity Building	250,000	250,000	250,000	250,000	-	-	1,000,000
3.2 Tariff Review & Regulation	3,000,000	725,000	175,000	100,000	-	-	4,000,000
Subtotal	3,250,000	975,000	425,000	350,000	-	-	5,000,000
4. Access Project							
4.1 Improve Electricity Supply to MSMEs	700,000	-	2,600,000	2,700,000	600,000	400,000	7,000,000
4.2 Improve Service Delivery/Strengthening Partnerships	-	300,000	600,000	900,000	900,000	300,000	3,000,000
Subtotal	700,000	300,000	3,200,000	3,600,000	1,500,000	700,000	10,000,000
5. Power Sector Generation Improvement Project							
5.1 Operationalize “Gas to Power” Plan	4,022,000	3,972,300	-	-	-	-	7,994,300
5.2 Facilitate LNG Development	-	414,800	384,000	425,300	-	-	1,224,100
5.3 Strengthen IPP Framework	832,800	483,300	3,801,000	1,781,200	217,600	-	7,115,900
Subtotal	4,854,800	4,870,400	4,185,000	2,206,500	217,600	-	16,334,300
6. Energy Efficiency & Demand Side Management Project							
6.1 Development and Enforcement of Standards	-	1,400,000	2,150,000	1,950,000	650,000	450,000	6,600,000
6.2 Improve Energy Auditing	-	350,000	950,000	1,200,000	600,000	200,000	3,300,000
6.3 Education and Public Information	-	550,000	750,000	600,000	500,000	400,000	2,800,000
6.4 Demand Side Management Infrastructure	-	450,000	2,350,000	3,250,000	3,150,000	3,500,000	12,700,000
Subtotal	-	2,750,000	6,200,000	7,000,000	4,900,000	4,550,000	25,400,000
7. Monitoring and Evaluation (M&E)							
7.1 Monitoring and Evaluation	1,510,000	2,160,000	1,100,000	630,000	970,000	1,210,000	7,580,000
Subtotal	1,510,000	2,160,000	1,100,000	630,000	970,000	1,210,000	7,580,000
8. Program Administration and Oversight							
8.1 MiDA Administration	4,581,200	4,100,250	3,576,250	3,980,900	3,758,850	4,634,850	24,632,300
8.2 Fiscal Agent/Procurement Agent/Advisors	2,800,000	2,700,000	2,000,000	2,000,000	2,000,000	2,000,000	13,500,000
8.3 Audit & Compliance	74,200	275,000	300,000	400,000	400,000	550,800	2,000,000
Subtotal	7,455,400	7,075,250	5,876,250	6,380,900	6,158,850	7,185,650	40,132,300
Total Compact Funds – Tranche I	28,900,000	36,419,750	60,116,000	75,307,750	71,029,000	36,427,500	308,200,000

(US\$)							
Compact Program Tranche II	CIF	Year 1	Year 2	Year 3	Year 4	Year 5	Total
9. ECG Financial and Operational Turnaround Project – Tranche II							
9.1 Private Sector Participation	-	-	-	-	-	-	-
9.2 Modernizing ECG Operations	-	-	-	4,314,430	5,656,033	810,437	10,780,900
9.3 Commercial Loss Reduction	-	-	-	10,972,655	16,800,397	19,650,448	47,423,500
9.4 Technical Loss Reduction	-	-	-	22,913,191	48,828,010	52,389,799	124,131,000
9.5 Outage Reduction	-	-	-	1,907,085	3,849,640	1,907,875	7,664,600
Total Compact Funds – Tranche II	-	-	-	40,107,361	75,134,080	74,758,559	190,000,000
Total Compact Funds	28,900,000	36,419,750	60,116,000	115,415,111	146,163,080	111,186,059	498,200,000
Government Contribution – Tranche I	7,705,000	7,705,000	7,705,000	-	-	-	23,115,000
Government Contribution – Tranche II	-	-	-	7,125,000	7,125,000	-	14,250,000
Total Government Contribution	7,705,000	7,705,000	7,705,000	7,125,000	7,125,000	-	37,365,000
TOTAL COMPACT + GOVERNMENT CONTRIBUTION	36,605,000	44,124,750	67,821,000	122,540,111	153,288,080	111,186,059	535,565,000

ANNEX III

DESCRIPTION OF THE MONITORING AND EVALUATION PLAN

This Annex III summarizes the monitoring and evaluation plan for this Compact (“**M&E Plan**”). The actual structure and content of the M&E Plan, which may differ from those specified in this Annex III, will be agreed to by MCC and the Government in accordance with MCC’s *Policy for Monitoring and Evaluation of Compacts and Threshold Programs* (the “**MCC M&E Policy**”). In addition, the M&E Plan may be modified from time to time as described in the MCC M&E Policy without requiring an amendment to this Annex III. The M&E Plan will be posted publicly on the MCC Website and updated as necessary.

1. Objective.

MCC and the Government will formulate and agree to, and the Government will implement or cause to be implemented, an M&E Plan that explains in detail how and what MCC and MiDA will (a) monitor to determine whether the Projects are on track to achieve their intended results (“**Monitoring Component**”), and (b) evaluate implementation strategies, provide lessons learned, determine cost effectiveness and estimate the impact of Compact interventions (“**Evaluation Component**”). The M&E Plan will summarize all indicators that must be reported to MCC on a regular basis, as well as a description of any complementary data to be collected for evaluation of the Program. The M&E Plan will also include any monitoring and evaluation (“**M&E**”) requirements that MiDA must meet in order to receive Disbursements, and will serve as a communication tool so that MiDA staff and other stakeholders clearly understand the objectives and targets that MiDA is responsible for achieving. The results of M&E activities, measured by monitoring data and evaluations, will be made publicly available on the website of MiDA and on the MCC Website.

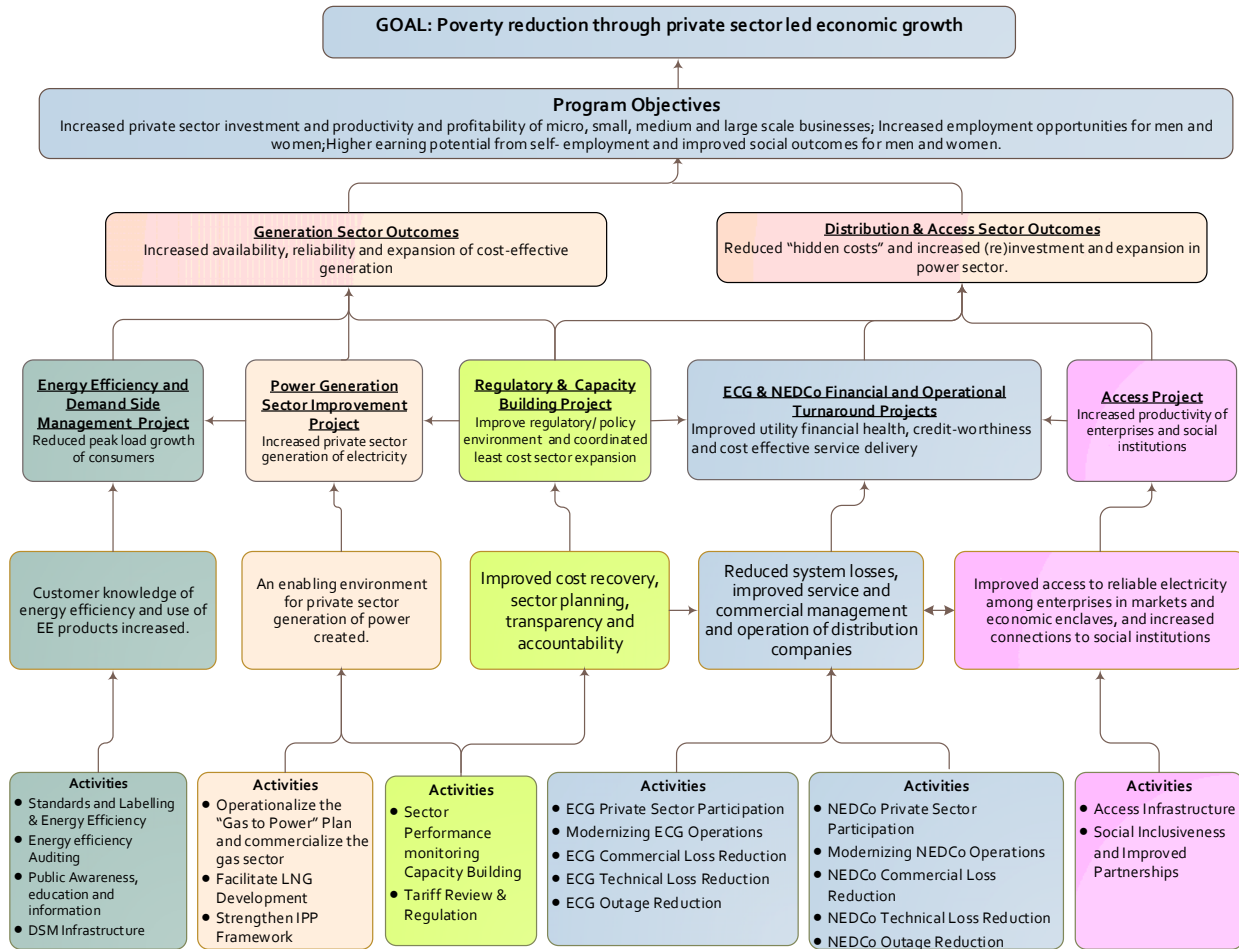
2. Program Logic.

The M&E Plan will summarize the clearly defined Compact-level logic model which illustrates how the Compact Program, Projects and Activities contribute to the Compact Goal, the Program Objectives, and Project Objectives.

This overall program logic illustrated on the next page will be complemented by lower level logic models at the Project, and/or Activity levels (as necessary) depending on Compact design and implementation. All logic models will clearly summarize the outputs, outcomes, and goal expected to result from the Program. A description of the objectives underlying the Program and each Project is included below:

The Program Objectives are to: (i) increase private sector investment and the productivity and profitability of micro, small, medium and large scale businesses; (ii) increase employment opportunities for men and women; and (iii) raise earning potential from self-employment and improved social outcomes for men and women.

Overall Program Logic



Each Project Objective is listed below.

The *ECG Financial and Operational Turnaround Project's* objective is to improve the quality and reliability of electricity through reduced outages and cost-effective service delivery by ECG, reduce aggregate technical, commercial and collections losses, and to ensure ECG can serve as a creditworthy and credible offtaker under power purchase agreements. The Project Objective will be achieved by reducing implicit subsidies (created by losses, underpricing and under-billing) and ensuring cost-recovery and re-investment in the distribution sub-sector, through introduction of PSP in the governance and management of ECG, and through infrastructure and foundational investments designed to reduce losses and improve service quality;

The *NEDCo Financial and Operational Turnaround Project's* objective is to develop NEDCo into a utility that will contribute to economic growth in the northern part of Ghana by improving its ability to recover costs and provide service to customers in a timely and effective manner. The Project Objective will be achieved by strengthening NEDCo's financial and operational performance and ensuring it is able to function independently, and to engage with the private sector to meet their electricity needs. In addition, this Project will introduce PSP to provide operational and commercial capacity building to ensure the achievement of performance targets, and will provide infrastructure and foundational investments designed to reduce losses and improve service quality;

The *Regulatory Strengthening and Capacity Building Project's* objective is to ensure the sustainability of all power sector investments, promote greater transparency and accountability for results in the sector, and enhance evidence-based decision making among sector institutions. This Project will therefore ensure that the power sector is financially self-sustaining and relies less heavily on cross-subsidies among tariff categories or other direct or implicit subsidies from the Government. This Project will support creation of an enabling environment for private investment in the power sector. The Project Objective will be achieved by strengthening independent monitoring of service quality, and improving capacity for ratemaking and other regulatory processes, including the review and restructuring of tariffs to enable the utilities to recover costs;

The objective of the *Access Project* is to improve access¹ to reliable electricity among MSMEs in markets and economic enclaves in urban and peri-urban areas coinciding with those regions targeted by the commercial and technical loss reduction investments of the ECG and NEDCo Financial and Operational Turnaround Projects. The Access Project is expected to increase the number of new connections in targeted areas by reducing barriers to obtaining legal connections, thereby contributing to increased productivity in markets and economic enclaves. This Project will also contribute to the overall objective of the distribution turnaround projects of reducing commercial losses and improving the financial health of the distribution companies, by decreasing the number of consumers who would otherwise seek illegal connections to the network;

The objective of the *Power Generation Sector Improvement Project* is to reduce disruptions in electricity service due to generation shortfalls by promoting timely investments in additional installed generation capacity, through the creation of an improved enabling environment for private sector investment in conventional and renewable generation. This Project aims to ensure a more cost-effective fuel mix by instituting a framework for a reliable fuel supply for thermal generation. In addition, this Project will facilitate the adoption of a least-cost expansion plan leading to increased potential throughput to electricity consumers and reduced energy costs to enterprises, households and industry. This Project will achieve these results by establishing a competitive tendering process for IPPs, by helping to finalize commercial gas supply agreements to facilitate development of gas reserves and LNG for power generation, and by securitizing the gas sector to enable reduced reliance on more costly oil-based fuels;

The objective of the *Energy Efficiency and Demand Side Management Project* is to reduce energy waste by consumers, thereby increasing the reserve margin between electricity supply and peak demand, making electricity available to more consumers at a lower cost than that of developing new generation capacity. In addition, this Project will improve the financial viability of ECG and NEDCo by helping Ghanaian government agencies, which comprise a significant portion of total energy demand, to reduce their energy consumption. This Project will achieve these results through the development and enforcement of standards and labels, improving energy audits, providing education and public information, and investment in demand side management infrastructure.

¹ Access to electricity will be assessed along several dimensions including (1) capacity, (2) duration/availability, (3) reliability, (4) quality, (5) affordability, (6) legality, (7) convenience, and (8) health and safety.

(a) Projected Economic Benefits and Beneficiaries.

The ERR analysis calculates average economic opportunity costs of electricity disruptions by estimating losses in value added due to the costs of own generation of electricity and losses of value added due to the temporary cessation of economic activity. The midpoint ERRs for each project are presented in the table below.

Project	Estimated ERR
ECG Financial and Operational Turnaround Project	19%
NEDCo Financial and Operational Turnaround Project	TBD
Regulatory Strengthening and Capacity Building Project (costs incorporated in ECG/NEDCo calculations)	Not Applicable (wrapped into the ECG and NEDCo ERRs)
Access Project	Not Applicable
Power Generation Sector Improvement Project	24% ²
Energy Efficiency and Demand Side Management Project	27%

The M&E Plan will also define in detail the persons or entities expected to benefit from the Program. Beneficiary analysis is an extension of economic rate of return analysis that seeks to disaggregate the total increase in income to determine specifically which segments of society will benefit from the Compact Projects and Activities. MCC considers beneficiaries³ of Projects and Activities to be those people who experience better standards of living as a result of the Project or Activity (as the case may be) through higher real incomes. The expected beneficiaries of this Compact are shown in Annex I, and the estimates of the number of beneficiaries may be updated in the final M&E Plan as additional information becomes available.

The M&E Plan will also outline key assumptions and risks that underlie the accomplishment of the theory of change summarized in the program logic.

3. Monitoring Component.

As defined in the MCC M&E Policy, monitoring is the continuous, systematic collection of data on specified indicators to provide indications of progress toward objectives and the achievement of intermediate results along the way. To monitor progress toward the achievement of results of this Compact, the Monitoring Component of the M&E Plan will identify (i) the Indicators (as defined below), (ii) the definitions of the Indicators, (iii) the sources and methods for data collection, (iv) the frequency for data collection, (v) the party or parties responsible for collecting and analyzing relevant data, and (vi) the timeline for reporting on each Indicator to MCC. It should be noted that some indicators will continue to be tracked after the Compact Term as necessary.

(a) Goal, Outcome, Output, and Process Indicators.

² Refers to full elimination of a deficient reserve margin.

³ As used in this Compact, the term “beneficiary” has the meaning described in MCC’s *Guidelines for Economic and Beneficiary Analysis*.

The M&E Plan will measure the results of the Program using quantitative, objective, and reliable data (“*Indicators*”). These may be augmented by qualitative data whenever necessary.

(i) The M&E Plan will establish baselines for every Indicator (each a, “*Baseline*”). An Indicator’s Baseline should be established prior to the start of the corresponding Project and/or Activity. Baselines demonstrate that the problem can be specified in measurable terms, and are thus a pre-requisite for adequate intervention design. The Government will collect Baselines on the selected Indicators or verify already collected Baselines where applicable.

(ii) The M&E Plan will establish a benchmark for each Indicator that specifies the expected value and the expected time by which the result will be achieved (“*Target*”).

(iii) The M&E Plan will indicate which Indicators will be disaggregated by gender, income level, and age, and beneficiary types to the extent practical and applicable.

(iv) MCC’s Common Indicators (as described in the MCC M&E Policy) will also be included as relevant.

(v) Subject to prior written approval from MCC and in accordance with the MCC M&E Policy, the Government may add Indicators or refine the definitions and Targets of existing Indicators.

(vi) MiDA must report to MCC on monitoring Indicators in the M&E Plan on a quarterly basis using an Indicator Tracking Table (“*ITT*”) in the form provided by MCC. No changes to Indicators, Baselines or Targets may be made in the ITT until the changes have been approved in the M&E Plan. Additional guidance on Indicator reporting is contained in *MCC’s Guidance on Quarterly MCA Disbursement Request and Reporting Package*. In the case that MiDA submits a six-month disbursement request, the ITT must still be submitted quarterly.

(b) Indicators, Baseline and Year 5 Targets.

Key Indicators that can be reported on at least an annual basis will be included in quarterly monitoring indicator reports. The M&E Plan will contain the Indicators listed in the following tables, which are intended to align with and contribute to monitoring indicators defined in Power Africa and the Partnership for Growth M&E Addendum.

It should be noted that the indicators listed below are not exhaustive of all indicators that will be collected for this Compact. Instead, they represent data that has been deemed, at this stage, important to collect. Additional outcome indicators as well as all output and process indicators will be developed for each project as design and implementation details are further defined.

Table 1.1: Overall Program Objectives

The M&E program will track progress towards intermediate economic outcomes reliant on or impacted by electricity; however, outside of the context of a rigorous impact evaluation, the Compact will not try to make statements of attribution between specific Compact interventions and changes in objective-level outcomes. The economic analysis of the Projects recognizes that the Compact’s investment itself will not be sufficient to achieve significant improvements in nation-wide electricity reliability and access within the time frame of the Compact. The costs of complementary investments such as gas infrastructure facilities and the development of a power

park have been considered to construct the total investment program that the MCC investment is expected to catalyze. The economic analysis therefore attempts to assess the viability of this larger venture that MCC financing contributes to.

Table 1.1: Overall Program Objectives

Result Statement	Indicator	Definition	Unit	Baseline	Year 5 Target	Data Source
Reduced cost of doing business	Firms citing electricity as a major obstacle to doing business	Percentage of firms identifying energy as a major constraint	%	86.2 (2007) ⁴	Reduction over baseline	WB Enterprise Survey or PFG Survey
	Sales losses due to power outages	Average value of sales losses due to electricity outages as a percentage of revenue	%	6 (2007)	Reduction over baseline	WB Enterprise Survey or PFG Survey
	Diesel fuel consumption by firms	Average annual kWh of diesel generation consumed by registered firms as a percentage of total electricity consumed	%	29.5 (2007)	Reduction over baseline	WB Enterprise Survey or PFG Survey
Improved reliability of electricity system	System Average Interruption Duration Index (SAIDI)	Sum of durations of all customer interruptions divided by Total customers in ECG system (ECG Global)	Hours	274.4 (2012)	TBD ⁵	GRIDCO Daily Report and ECG
	System Average Interruption Frequency Index (SAIFI)	Number of customer interruptions divided by Total customers in system (ECG Global)	Number	74.45 (2012)	TBD ⁶	GRIDCO Daily Report and ECG
Increased access to reliable electricity	Customers	Number of customers connected to the national network	Number (ECG)	2.2 million (2012) ⁷	Increase over baseline	ECG
	Customers	Number of customers connected to the national network	Number (NEDCo)	447,000 (2012)	Increase over baseline	NEDCo

⁴ The World Bank plans to publish a more current data on this indicator from its Enterprise Survey by Summer 2014; see <http://www.enterprisesurveys.org/Methodology/Current-Projects>

⁵ 5-year target to be set prior to entry into force.

⁶ 5-year target to be set prior to entry into force.

⁷ IFC/AF Mercados report notes 2,211,195 million for ECG in 2012, and 447,407 for NEDCo in 2012.

Table 1.2: ECG Financial and Operational Turnaround Project

The following are Indicators and Targets for the monitoring of the ECG Financial and Operational Turnaround Project as further described in paragraph 1 of Part B of Annex I. Key Targets and Baselines for these Indicators will be defined prior to completion of the M&E Plan.

Table 1.2: ECG Financial and Operational Turnaround Project Indicators						
Result Statement	Indicator	Definition	Unit	Baseline	Year 5 Target	Data Source
Outcomes						
Reinvestment and maintenance in capital expenditure	Capital expenditure (Capex) ⁸	Total value of new equipment installed in the distribution network	US\$	TBD	TBD ⁹	ECG
	Ratio of actual maintenance expenditures to dollar value of total distribution assets	Actual maintenance expenditures divided by total value of distribution assets	Percentage	0.98 ¹⁰ (2012)	2.5 ¹¹	ECG
Enhanced investment capacity	Asset turnover	Gross sales divided by total assets	Ratio	0.27 ¹² (2012)	TBD ¹³	ECG
Utility Financial Health Improved	Operating profit (loss)	Operating revenue minus operating expenses	\$US	-50.27M (2012)	TBD ¹⁴	ECG
Outage response time improved	System Average Interruption Duration Index (SAIDI)	Sum of durations of all customer interruptions divided by total customers in system (ECG Target Regions)	Hours	TBD ¹⁵	TBD	ECG
Unplanned outages and faults reduced	System Average Interruption	Number of customer interruptions divided by total customers in system (ECG Target Regions)	Number	TBD ¹⁶	TBD	ECG

⁸ All Capex is funded by money from GOG or donors.

⁹ Targets will be defined through additional financial modeling to be completed during Compact Implementation Period.

¹⁰ ECG Annual and Financial Report 2012 (Audited)

¹¹ Targets will be refined through additional financial modeling to be completed during Compact Implementation Period. O&M costs are largely dependent on location and climate Rates are typically close to 3% for power utilities in developed countries.

¹² ECG Annual and Financial Report 2012 (Audited)

¹³ Targets will be defined through additional financial modeling to be completed during Compact Implementation Period.

¹⁴ Targets will be defined through additional financial modeling to be completed during Compact Implementation Period.

¹⁵ Baseline and 5-year target to be established prior to entry into force.

¹⁶ Baseline and 5-year target to be established prior to entry into force.

Table 1.2: ECG Financial and Operational Turnaround Project Indicators						
Result Statement	Indicator	Definition	Unit	Baseline	Year 5 Target	Data Source
	Frequency Index (SAIFI)					
Timely payments made to sector entities	Average payment period to power producers	$365 * [(Beginning\ accounts\ payables\ to\ power\ producers + ending\ accounts\ payables\ to\ power\ producers) / 2] / Total\ sales]$	Days	Unknown ¹⁷	NTE stated contracts (<45) ¹⁸	ECG
	Average payment period to Ghana Grid Company	$365 * [(Beginning\ accounts\ payables\ to\ GRIDCo + ending\ accounts\ payables\ to\ GRIDCo) / 2] / Total\ sales]$	Days	Unknown ¹⁹	NTE stated contracts (<45)	ECG
Distribution system losses reduced	Commercial losses	System losses minus technical losses	Percentage	19.5 ²⁰ (2012) (Accra Region only)	10 ²¹ (Accra Region only)	ECG
	Technical losses	Estimated MWh of power dissipated in electricity system components such as distribution lines, transformers	Percentage	14 ²² (2012) (Accra Region only)	10 ²³ (Accra Region only)	ECG
	Distribution system losses (ATC&C)	Cash Recovery Index = (1-system losses) * collection rate ATC&C = 1 – Cash Recovery Index	Percentage	44.5 ²⁴ (2012) (Accra region only)	29.2 ²⁵ (Accra region only)	ECG

Table 1.3: NEDCo Financial and Operational Turnaround Project

The following are Indicators and Targets for the monitoring of the NEDCo Financial and Operational Turnaround Project as further described in paragraph 2 of Part B of [Annex I](#). Key Targets and Baselines for these Indicators will be defined prior to completion of the M&E Plan.

¹⁷ Baseline to be established prior to entry into force.

¹⁸ “Power Distribution Feasibility Studies, Ghana, Phase II Report, Electricity Company of Ghana”, prepared by CH2MHill, June 2014, Chapter 9.

¹⁹ Baseline to be established prior to entry into force.

²⁰ “Power Distribution Feasibility Studies, Ghana, Phase II Report, Electricity Company of Ghana”, prepared by CH2MHill, June 2014, Chapter 9, p. 11.

²¹ Ibid.

²² Baseline to be updated based on Loss Characterization Study to be completed prior to entry into force.

²³ “Power Distribution Feasibility Studies, Ghana, Phase II Report, Electricity Company of Ghana”, prepared by CH2MHill, June 2014, Chapter 9, p. 11.

²⁴ Ibid.

²⁵ Ibid.

Table 1.3: NEDCo Financial and Operational Turnaround Project Indicators						
Result Statement	Indicator	Definition	Unit	Baseline	Year 5 Target	Data Source
Outcomes						
Reinvestment and maintenance in capital expenditure	Capital expenditure (Capex)	Total value of new equipment installed in the distribution network	US\$	TBD ²⁶	TBD ²⁷	NEDCo
	Ratio of actual maintenance expenditures to planned maintenance budget	Actual maintenance expenditures divided by Planned maintenance budget	Percentage	109 ²⁸ (2013)	100	NEDCo
	Ratio of actual maintenance expenditures to dollar value of total distribution assets	Actual maintenance expenditures divided by total value of distribution assets	Percentage	0.6 ²⁹	TBD ³⁰	NEDCo
Enhanced investment capacity	Asset turnover	Gross sales divided by total assets	Ratio	0.24 ³¹ (2013)	TBD ³²	NEDCo
Utility Financial Health Improved	Operating profit (loss)	Operating revenue minus operating expenses	US\$	25.31 ³³ (2012)	TBD ³⁴	NEDCo

Table 1.4: Regulatory Strengthening and Capacity Building Project

The following are Indicators and Targets for the monitoring of the Regulatory Strengthening and Capacity Building Project as further described in paragraph 3 of Part B of Annex I. Key Targets and Baselines for these Indicators will be defined prior to completion of the M&E Plan.

²⁶ Baseline to be established prior to entry into force.

²⁷ Targets will be defined through additional financial modeling to be completed during Compact Implementation Period.

²⁸ Based on un-audited accounts from NEDCo 1st-4th quarter variance report, 2013. Distribution Asset valued at 763.4 M Cedis; Expenditures 4.914 M Cedis.

²⁹ Based on un-audited accounts from NEDCo 1st-4th quarter variance report, 2013.

³⁰ Targets will be defined through additional financial modeling to be completed during Compact Implementation Period.

³¹ Based on un-audited accounts from NEDCo 1st-4th quarter variance report, 2013.

³² Targets will be defined through additional financial modeling to be completed during Compact Implementation Period.

³³ NEDCo Financial Report, 2007 – 2012. Based on figures reported in Ghanaian Cedis (GHS) converted to mid-point 2012 exchange rate of GHS/USD of 0.5415. Targets to be set in USD based on 2012 midpoint exchange rate.

³⁴ Targets will be defined through additional financial modeling to be completed during Compact Implementation Period.

Table 1.4: Regulatory Strengthening and Capacity Building Project Indicators						
Result Statement	Indicator	Definition	Unit	Baseline	Year 5 Target	Data Source
Outcomes						
Cost reflective tariff	Cost recovery ratio	Tariff per kWh divided by average cost per kWh of electricity supplied to customers times 100 ³⁵	Percentage	TBD ³⁶	TBD	EC and PURC
Automatic tariff adjustment	Tariff adjustment and formula applied	Tariff adjusted on scheduled timeline and tariff formula appropriately applied throughout Compact	Yes/ No	No	Yes	PURC

Table 1.5: Access Project

The following are Indicators and Targets for the monitoring of the Access Project as further described in paragraph 4 of Part B of Annex I. Key Targets and Baselines for these Indicators will be defined prior to completion of the M&E Plan.

Table 1.5: Access Project Indicators						
Result Statement	Indicator	Definition	Unit	Baseline	Year 5 Target	Data Source
Outcomes						
Increased legal grid connections in project areas	Increased legal connections in project areas	Number of legal connections by MSMEs added to network in project areas	Number	TBD	Increase over baseline ³⁷	Enterprise Survey

Table 1.6: Power Generation Sector Improvement Project

The following are Indicators and Targets for the monitoring of the Power Generation Sector Improvement Project as further described in paragraph 5 of Part B of Annex I. Key Targets and Baselines for these Indicators will be defined prior to completion of the M&E Plan.

³⁵ Cost of service includes expenditures for Operations and Maintenance, Capital Replacement, and Capital Expansion.

³⁶ Baseline and target for cost-reflective tariff will be derived from Tariff Plan to be completed under the project, which will include a Cost of Service Study.

³⁷ Baseline and Target will be set based upon completion of a survey of markets planned to occur prior to entry into force.

Table 1.6: Generation Project Indicators						
Result Statement	Indicator	Definition	Unit	Baseline	Year 5 Target	Data Source
Outcomes						
Load shedding and outages reduced	Load shed	MWh of load shed from Transmission to Distribution during the year due to lack of available generation capacity	MWh	TBD ³⁸ (2013)	Reduction over baseline ³⁹	GRIDCo Load Shedding Report
	Frequency of load shed	Number of times in a year that load shedding occurred	Number	225 (2013)	Reduction over baseline ⁴⁰	GRIDCo Load Shedding Report
	Duration of load shed	Total duration in hours of load shed during the year	Hours	4,255 (2013)	Reduction over baseline ⁴¹	GRIDCo Load Shedding Report
	Installed capacity	Total amount of power installed plants can generate (capacity)	MW	2,840 (2013)	5000 ⁴²	EC Energy Statistics,
On-grid renewable energy increased	Share of on-grid renewable energy	Installed capacity (in MW) of on-grid renewable energy (as defined in Renewable Energy Act, 2011 (Act 832)) as a percentage of installed capacity (in MW) of on-grid conventional capacity.	Percentage	<1% ⁴³	10%	MoEP and EC
Off-grid and mini-grid renewable energy increased	Installed capacity	Total number of MW installed capacity of off-grid and mini-grid renewables.	MW	0.8	30	MoEP and EC
New IPP generation committed	Value of private investment in energy sector	Absolute value of additional private capital committed for generation infrastructure at Financial Close	US\$	TBD	TBD ⁴⁴	EC
	IPP Generation committed	Total generation capacity committed by IPPs at Financial Close	MW	0	Increase over baseline ⁴⁵	EC

³⁸ Baseline to be established prior to entry into force.

³⁹ The ERR estimates that improving the reserve margin and energy efficiency and demand side management would amount to delivery of more than 270 million kilowatt-hours of service that now is largely foregone.

⁴⁰ Target to be established prior to entry into force.

⁴¹ Target to be established prior to entry into force.

⁴² "National Energy Policy", MoEP, 2010

Table 1.7: Energy Efficiency and Demand Side Management Project

The following are Indicators and Targets for the monitoring of the Energy Efficiency and Demand Side Management Project as further described in paragraph 6 of Part B of Annex I. Key Targets and Baselines for these Indicators will be defined prior to completion of the M&E Plan.

Table 1.7: Energy Efficiency and Demand Side Management Project Indicators						
Result Statement	Indicator	Definition	Unit	Baseline	End of Compact Target	Data Source
Outcomes						
Increased energy savings as a result of street lighting	Energy savings	Total MWh of energy saved due to new or upgraded street lighting in ECG Target Regions	MWh	0	TBD ⁴⁶	EC

4. Evaluation Component.

While good program monitoring is necessary for program management, it is not sufficient for assessing ultimate results. MCC therefore advocates the use of different types of evaluations as complementary tools to better understand the effectiveness of its programs. As defined in the MCC M&E Policy, evaluation is the objective, systematic assessment of a program's design, implementation and results. MCC is committed to making its evaluations as rigorous as warranted in order to understand the causal impacts of its programs on the expected outcomes and to assess cost effectiveness. The Evaluation Component of the M&E Plan may contain three types of evaluation activities as necessary: (i) independent evaluations (impact and/or performance evaluations); (ii) self-evaluation, and (iii) special studies, each of which is further described in the MCC M&E Policy.

(a) Independent Evaluations. Every Project must undergo a comprehensive, independent evaluation (impact and/or performance) in accordance with the MCC M&E Policy. However, given the interdependent nature of the Projects for many Compact-wide outcomes, each project may not have its own specific evaluation plan. As appropriate, specific evaluations plans will be developed further and outlined in the final M&E plan. The Evaluation Component of the M&E Plan will describe the purpose of the evaluation, methodology, timeline, required MCC approvals, and the process for collection and analysis of data for each evaluation. All independent evaluations must be designed and implemented by independent, third-party evaluators. If the Government wishes to engage an evaluator, the engagement will be subject to the prior written approval of MCC. Contract terms must be acceptable to MCC and ensure non-biased results and the publication of results.

⁴³ In 2013, less than 1% of installed generation capacity was in the form of solar grid-intertied capacity as reported by the Energy Commission of Ghana in its report, 2013 Energy (Supply And Demand) Outlook for Ghana, dated April 2013.

⁴⁴ Target to be defined based on sector Integrated Resource Plan to be funded under project.

⁴⁵ Target to be defined based on sector Integrated Resource Plan to be funded under project.

⁴⁶ Target to be established prior to entry into force.

For each independent evaluation, MiDA is expected to review and provide feedback to independent evaluators on the evaluation design reports, evaluation materials (including questionnaires), baseline report (if applicable), and any interim/final reports in order to ensure proposed evaluation activities are feasible, and final evaluation products are technically and factually accurate.

It is expected that evaluations will focus on three main themes: (i) independent reviews and, as warranted, independent specification and estimation of relevant project ERRs; (ii) assessing household-level impacts of the relevant project investments and activities; and (iii) examining the broad benefits of the PSP on utility organization and management.

The evaluations will assess the outcomes and impacts of individual Activities. Compact-wide evaluation questions will include the following:

Overall Macro Evaluation Questions	
Primary Evaluation Questions	
1.	What is the Program’s overall impact on the profitability and productivity of enterprises? What are the mechanisms or channels through which these impacts occur?
2.	To what extent do small, medium, and large firms respond to more reliable, accessible, and/or higher quality power by: <ol style="list-style-type: none"> a. Expanding or intensifying production? b. Expanding employment? c. Investing in expanded plant or other fixed assets and/or different production technologies reliant on electricity?
3.	How do small, medium, and large firms respond to higher electricity tariffs? How does the change in tariff affect the profitability and productivity of businesses?
Secondary Evaluation Questions	
4.	What is the community-level impact of improved power availability and quality? How do project benefits accrue differently to households and/or businesses that are not connected to grid but reside in communities with access to the electricity grid?

Evaluation plans and methodologies for each project have not yet been fully developed. However, MCC and MiDA intend to explore the opportunity for developing impact evaluation designs for the Access Project and Energy Efficiency and Demand Side Management Project, which are described in this section. Specific Evaluation Plans for each project, as appropriate, will be developed further and outlined in the M&E Plan. Key evaluation questions for ECG and NEDCo Financial and Operational Turnaround Projects, the Regulatory Strengthening and Capacity Building Project, and the Power Generation Sector Improvement Project are listed in the table below.

ECG and NEDCo Financial and Operational Turnaround Projects Evaluation Questions

1. Did the infrastructure improvements lead to a reduction in technical losses and improve the quality of power? To what extent can these changes be attributed to the compact investments versus other investments or policy changes by the Government?
2. To what extent did the activities improve the operational efficiency and the cost of distributing power?
3. Did program interventions help increase legal connections?
4. Did the infrastructure improvements result in increased power available to customers, reduce the frequency and duration of outages?

Regulatory Strengthening and Capacity Building Project Evaluation Questions

1. Did the project reduce “hidden costs” in the sector?
2. Did the project support creation of an enabling environment for private investment?
3. Did the project result in improved tariff targeting and greater real access/consumptions for the poor? How are the benefits distributed amongst different stakeholders?
4. Did the project lead to improved financial position of utilities and quality of service? To what extent did reforms contribute to greater cost savings and efficiency in the production and distribution of power?
5. Did public sector and regulatory reforms improve access to and consumption of power, particularly for the poor? If so, what components of the project – in particular, the lifeline tariff – improved access and / or consumption of power for the poor?

Power Generation Sector Improvement Project Evaluation Questions

1. To what extent did the project securitize Ghana’s gas sector, and has this securitization enabled Ghana to reduce its reliance on oil-based fuel?
2. To what extent has a third supply chain for gas been developed within Ghana’s gas sector?
3. Did an IPP(s) enter Ghana’s power generation market? How did they enter into the market? Are IPPs demonstrating interest in investing in the sector?
4. Why have IPPs elected to enter or not enter into Ghana’s power generation market?

Access Project Evaluation Plan

The Access Project represents an opportunity to generate evidence on the relative significance of different barriers that consumers experience in obtaining a connection to electricity. Moreover, data collected as part of the design and implementation of the project will provide information on the willingness to pay for electricity services among different consumer groups, and the resulting benefits of using electricity for social and productive purposes. Given that there are multiple suspected barriers to access for many markets and small enterprises in obtaining a legal connection, MCC and MiDA will explore the extent to which the design and roll-out of the project can be structured to facilitate a rigorous evaluation design that can test different assumptions about which interventions are most effective in expanding the ability of small enterprises to obtain a safe and legal connection to the grid. For example, depending on the finalization of project activities, MCC and MiDA may assess the feasibility of varying interventions across project sites, including activities to streamline the connection process, install connection points for vendors, assist with certification of wiring, ensure access to the lifeline tariff among eligible customers, or improve the coordination among utilities, markets, and districts in the planning for extension of power infrastructure. Further due diligence is required to better understand the potential costs and feasibility of various evaluation approaches; the goal of the evaluation will be to generate evidence and test assumptions about the most significant

barriers to access among impacted groups and to isolate relative effectiveness of interventions to reduce key barriers.

The evaluation will build on the experience of the Tanzania finance scheme impact evaluation, and attempt to learn from the following key assumption/ hypotheses from the program design: significant cost savings are achievable and can be transferred to customers, which will increase consumption for MSMEs. However, the most meaningful impacts on MSMEs and legal connections will be through relaxing non-financial and non-infrastructure barriers posing a constraint to access for MSMEs.

Access Project Evaluation Questions

1. Which interventions are most effective in increasing legal access rates for the poor? Which interventions reduce the number of illegal connections?
2. What is the impact of access activities on the financial health of the utility?
3. How does gaining legal access to electricity affect overall energy consumption and the choice of fuel supply for lighting and other purposes at the enterprise level?
4. Which interventions are most effective in increasing the productive uses of electricity for the poor?

Energy Efficiency and Demand Side Management Project Evaluation Plan

The Energy Efficiency and Demand Side Management Project offers a potential opportunity to integrate rigorous M&E into the design process and to use quantitative results to guide the design of the program. This evaluation strategy would utilize a randomized design with short “exposure” periods and rapid (e.g., one year) measurement and feedback loops, but the feasibility of this approach rests on the yet-to-be-defined based on selection criteria, geographic focus, and size of target groups by intervention (or subset of interventions). If such integration is possible, the result would be a better designed and implemented, more effective, and rigorously tested program that is tailored to the interests of the key end user, the EC.

Not all interventions implemented as a part of Energy Efficiency and Demand Side Management Project are conducive to this approach, but at this preliminary stage, a subset of interventions has been identified as candidates for this pilot phase. The details of these interventions will need to be developed further in order to determine the feasibility of implementing them in concert with a rigorous evaluation. (In other words, this integrated implementation and evaluation approach may prove to be infeasible, in which case the Energy Efficiency and Demand Side Management Project will be evaluated using a different strategy that will be determined at a later time.)

Energy Efficiency and Demand Side Management Evaluation Questions

1. To what extent do the demand side management interventions reduce average electricity growth demand? Are some interventions more effective in doing so than others?
2. To what extent is customer reliance on diesel generators reduced as a result of the demand side management interventions?
3. (If feasible to study via piloting) Which implementation modalities of the information/education/communication and energy auditing activities are most effective in improving energy efficient use of electricity?

(b) Self-Evaluation. Upon completion of the Compact Term, both MCC and MiDA will comprehensively assess three fundamental questions: (i) did the Program meet the Program and Project Objectives; (ii) why did the Program meet or not meet the Program and Project Objectives; and (iii) what lessons can be learned from the implementation experience (both procedural and substantive). MiDA staff will draft the Compact Completion Report (“*CCR*”) in the last year of the Compact Term to evaluate these fundamental questions and other aspects of Program performance. Each MiDA department will be responsible for drafting its own section to the CCR for its own activities, subject to cross-departmental review.

(c) Special Studies. Plans for conducting special studies will be determined jointly between the Government and MCC before the approval of the M&E Plan. The M&E Plan will identify and make provision for any special studies, *ad hoc* evaluations, and research that may be needed as part of the monitoring and evaluating of this Compact. Either MCC or the Government may request special studies or *ad hoc* evaluations of Projects, Activities, or the Program as a whole, prior to the expiration of the Compact Term.

The results of all evaluations will be made publicly available in accordance with the MCC M&E Policy.

5. Data Quality Reviews.

Data Quality Reviews (“*DQR*”) are a mechanism to review and analyze the utility, objectivity, and integrity of performance information. DQRs are to cover: a) quality of data, b) data collection instruments, c) survey sampling methodology, d) data collection procedures, e) data entry, storage and retrieval processes, f) data manipulation and analyses and g) data dissemination. MCC requires that an independent entity conduct the DQR, such as a local or international specialized firm or research organization, or an individual consultant, depending on the size of the Program or Project in review. The frequency and timing of data quality reviews must be set forth in the M&E Plan; however, MCC may request a DQR at any time. DQRs should be timed to occur before or early enough in the Compact Term that meaningful remedial measures (if any) may be taken depending on the results of the review. The methodology for the review should include a mix of document and record reviews, site visits, key informant interviews, and focus groups.

6. Other Components of the M&E Plan.

In addition to the monitoring and evaluation components, the M&E Plan will include the following components:

(a) Management Information System. The M&E Plan will describe the information system that will be used to collect data, store, process and deliver information to relevant stakeholders in such a way that the Program information collected and verified pursuant to the M&E Plan is at all times accessible and useful to those who wish to use it. The system development will take into consideration the requirement and data needs of the components of the Program, and will be aligned with existing MCC systems, other service providers, and ministries.

(b) Budget. A detailed cost estimate for all components of the M&E Plan.

7. Responsibility for Developing the M&E Plan.

MCC desires to “[refrain] from requesting the introduction of performance indicators that are not consistent with countries’ national development strategies.”⁴⁷ For this reason, primary responsibility for developing the M&E Plan lies with the M&E directorate of MiDA with support and input from MCC’s M&E and economist staff. The M&E Plan must be developed in conjunction with key stakeholders, including MiDA leadership and sector leads, the MCC Resident Country Mission, and other MCC staff (such as Environmental and Social Performance and Social and Gender Assessment), as well as external stakeholders, as applicable. While the entire M&E Plan must be developed collaboratively, MCC and MiDA Project/Activity leads are expected to guide the selection of Indicators at the process and output levels that are particularly useful for management and oversight of Projects and Activities.

8. Approval and Implementation of the M&E Plan.

The approval and implementation of the M&E Plan, as amended from time to time, will be in accordance with the Program Implementation Agreement, any other relevant Supplemental Agreement and the MCC M&E Policy. All M&E Plan modifications proposed by MiDA must be submitted to MCC for prior written approval. The M&E Plan may undergo peer review within MCC before the beginning of the formal approval process.

9. Post Compact M&E Plan.

As part of the planning process for winding up the Program at the end of the Compact Term, MCC and MiDA will develop a post-Compact M&E Plan designed to observe the persistence of benefits created under this Compact. This plan will describe future monitoring and evaluation activities, identify the individuals and organizations that will undertake these activities, provide a budget framework for future monitoring and evaluation, and include the funding source for each of the activities specified in the plan. The post-Compact M&E Plan should built directly off the Compact M&E Plan.

The Government and MCC are committed to ensuring all the Projects are evaluable, are evaluated by an independent third party, and ensure that all project evaluations are transparently disseminated and discussed with stakeholders in a workshop in country.

⁴⁷ Busan Partnership for Effective Development Cooperation, Busan Outcome Document, 1 December 2011, p. 5

ANNEX IV
CONDITIONS PRECEDENT
TO DISBURSEMENT OF COMPACT IMPLEMENTATION FUNDING

This Annex IV sets forth the conditions precedent applicable to Disbursements of Compact Implementation Funding (each a “*CIF Disbursement*”). Capitalized terms used in this Annex IV and not defined in this Compact will have the respective meanings assigned thereto in the Program Implementation Agreement. Upon execution of the Program Implementation Agreement, each CIF Disbursement will be subject to all of the terms of the Program Implementation Agreement, except that the conditions to each CIF Disbursement will continue to be those set forth in this Annex IV.

1. Conditions Precedent to Initial CIF Disbursement.

Each of the following must have occurred or been satisfied prior to the initial CIF Disbursement:

- (a) The Government (or MiDA) has delivered to MCC:
 - (i) an interim fiscal accountability plan acceptable to MCC; and
 - (ii) a CIF procurement plan acceptable to MCC.
- (b) The Government (or MiDA) has delivered to MCC:
 - (i) evidence of the Government’s intent to proceed with an Acceptable ECG PSP Transaction, in a form and substance acceptable to MCC;
 - (ii) a copy of the Gas Action Plan approved by the Government in a form and substance acceptable to MCC;
 - (iii) a copy of the Electric Distribution Utility Payment Action Plan approved by the Government, in a form and substance acceptable to MCC; and
 - (iv) evidence of approval and implementation of quarterly tariff adjustments in accordance with formula that became effective prior to the initial CIF Disbursement.

2. Conditions Precedent to all CIF Disbursements (Including Initial CIF Disbursement).

Each of the following must have occurred or been satisfied prior to each CIF Disbursement:

- (a) The Government (or MiDA) has delivered to MCC the following documents, in form and substance satisfactory to MCC:
 - (i) a completed Disbursement Request, together with the applicable Periodic Reports, for the applicable Disbursement Period, all in accordance with the Reporting Guidelines;
 - (ii) a certificate of the Government (or MiDA), dated as of the date of the CIF Disbursement Request, in such form as provided by MCC;

(iii) if a Fiscal Agent has been engaged, a Fiscal Agent Disbursement Certificate; and

(iv) if a Procurement Agent has been engaged, a Procurement Agent Disbursement Certificate.

(b) If any proceeds of the CIF Disbursement are to be deposited in a bank account, MCC has received satisfactory evidence that (i) the Bank Agreement has been executed and (ii) the Permitted Accounts have been established.

(c) Appointment of an entity or individual to provide fiscal agent services, as approved by MCC, until such time as the Government provides to MCC a true and complete copy of a Fiscal Agent Agreement, duly executed and in full force and effect, and the fiscal agent engaged thereby is mobilized.

(d) Appointment of an entity or individual to provide procurement agent services, as approved by MCC, until such time as the Government provides to MCC a true and complete copy of the Procurement Agent Agreement, duly executed and in full force and effect, and the procurement agent engaged thereby is mobilized.

(e) MCC is satisfied, in its sole discretion, that (i) the activities being funded with such CIF Disbursement are necessary, advisable or otherwise consistent with the goal of facilitating the implementation of this Compact and will not violate any applicable law or regulation; (ii) no material default or breach of any covenant, obligation or responsibility by the Government, MiDA or any Government entity has occurred and is continuing under this Compact or any Supplemental Agreement; (iii) there has been no violation of, and the use of requested funds for the purposes requested will not violate, the limitations on use or treatment of MCC Funding set forth in Section 2.7 of this Compact or in any applicable law or regulation; (iv) any Taxes paid with MCC Funding through the date ninety (90) days prior to the start of the applicable Disbursement Period have been reimbursed by the Government in full in accordance with Section 2.8(c) of this Compact; and (v) the Government has satisfied all of its payment obligations, including any insurance, indemnification, tax payments or other obligations, and contributed all resources required from it, under this Compact and any Supplemental Agreement.

(f) For any CIF Disbursement occurring after this Compact has entered into force in accordance with Article 7: MCC is satisfied, in its sole discretion, that (i) MCC has received copies of any reports due from any technical consultants for any Activity since the previous Disbursement Request, and all such reports are in form and substance satisfactory to MCC; (ii) the Implementation Plan Documents and Fiscal Accountability Plan are current and updated and are in form and substance satisfactory to MCC, and there has been progress satisfactory to MCC on the components of the Implementation Plan for any relevant Projects or Activities related to such CIF Disbursement; (iii) there has been progress satisfactory to MCC on the M&E Plan and Social and Gender Integration Plan for the Program or relevant Project or Activity and substantial compliance with the requirements of the M&E Plan and Social and Gender Integration Plan (including the targets set forth therein and any applicable reporting requirements set forth therein for the relevant Disbursement Period); (iv) there has been no material negative finding in any financial audit report delivered in accordance with this Compact and the Audit Plan, for the prior two quarters (or such other period as the Audit Plan may require); (v) MCC does not have grounds for concluding that any matter certified to it in the related MCA

Disbursement Certificate, the Fiscal Agent Disbursement Certificate or the Procurement Agent Disbursement Certificate is not as certified; and (vi) if any of the officers or key staff of MiDA have been removed or resigned and the position remains vacant, MiDA is actively engaged in recruiting a replacement.

(g) MCC has not determined, in its sole discretion, that an act, omission, condition, or event has occurred that would be the basis for MCC to suspend or terminate, in whole or in part, this Compact or MCC Funding in accordance with Section 5.1 of this Compact.

ANNEX V DEFINITIONS

609(g) Agreement has the meaning provided in Section 3.2(b).

Acceptable ECG PSP Provider means a competitively selected private sector entity which meets the following criteria, as determined by MCC:

- (a) has relevant technical experience and a proven track record of helping electricity distribution companies of similar size and scope as ECG to become profitable;
- (b) has relevant experience in developing countries;
- (c) has adequate financial capacity as evidenced by the ability to satisfy the minimum equity threshold and tangible net worth requirement set forth in the tender documents released by the Government for the Acceptable ECG PSP Transaction; and
- (d) is selected through a bidding process based upon parameters to be designed to maximize value for the Government and meet Government objectives.

Acceptable ECG PSP Transaction means the long-term concession or partial privatization agreement among the Government and an Acceptable ECG PSP Provider that leverages private capital to address operational and commercial competencies necessary for the specific challenges of ECG's operation which meets the following criteria, as determined by MCC:

- (a) includes a strategic partner meeting the requirements of the Acceptable ECG PSP Provider;
- (b) results from an open, competitive, and transparent process;
- (c) encourages local participation at both the ownership and operational levels;
- (d) is sensitive to local customs and conditions;
- (e) ensures the equitable treatment of ECG staff; and
- (f) applies a corporate-wide approach with respect to operations, management and governance of ECG.

Acceptable NEDCo PSP Provider means a competitively selected private sector entity which meets the following criteria, as determined by MCC:

- (a) has relevant technical experience and a proven track record of helping electricity distribution companies of similar size and scope as NEDCo to become profitable;
- (b) has relevant experience in developing countries;
- (c) is financially solvent; and
- (d) will apply a corporate-wide approach with respect to operations and management of NEDCo.

Acceptable NEDCo PSP Transaction means the no less than five (5) year agreement between the Government and an Acceptable NEDCo PSP Provider under which operational control of NEDCo is vested in an Acceptable NEDCo PSP Provider which results from an open, competitive and transparent process and is in form and substance acceptable to MCC.

Activity has the meaning provided in Part B of Annex I.

Additional Representative has the meaning provided in Section 4.2.

Agreed MDAs means the MDAs specified in the agreed list provided by ECG and NEDCo to MCC on or about the date hereof, as amended from time to time.

Audit Guidelines has the meaning provided in Section 3.8(a).

Baseline has the meaning provided in paragraph 3(a)(i) of Annex III.

Bilateral Agreement has the meaning provided in Section 2.9.

Board has the meaning provided in paragraph 1(a) of Part C of Annex I.

CCR has the meaning provided in paragraph 4(b) of Annex III.

CIF Disbursement has the meaning provided in Annex IV.

Compact has the meaning provided in the Preamble.

Compact Goal has the meaning provided in Section 1.1.

Compact Implementation Funding has the meaning provided in Section 2.2(a).

Compact Records has the meaning provided in Section 3.7(a).

Compact Term has the meaning provided in Section 7.4.

Constraints Analysis has the meaning provided in paragraph 1(a) of Part A of Annex I.

Covered Provider has the meaning provided in the Audit Guidelines.

Disbursement has the meaning provided in Section 2.4.

DQR has the meaning provided in paragraph 5 of Annex III.

EC has the meaning provided in paragraph 3(a)(i) of Part B of Annex I.

ECG means the Electricity Company of Ghana.

ECG Target Regions means (a) the Accra East and Accra West ECG service areas, (b) areas which are in close proximity to Accra, whose source of supply is from Accra and whose load contribute to losses in the Accra network, (c) other regions as may be determined based on recommendations from the feasibility study funded under the 609(g) Agreement, or (d) other regions mutually agreed between the Government and MCC.

Economic Enclave means a designated geographic area within a community where people with common and varied productive skills apply these for economic gain.

Electric Distribution Utility Payment Action Plan means the plan delivered by the Government to MCC on or about June 18, 2014 to settle all arrears due to ECG and NEDCo by all MDAs which have been incurred prior to the execution of this Compact and the procedure to maintain current on all future payments to ECG and NEDCo.

ERP has the meaning provided in paragraph 1(a)(ii)(B) of Part B of Annex I.

ERR has the meaning provided in paragraph 2(a) of Part B of Annex I.

ESIA has the meaning provided in paragraph 3 of Part A of Annex I.

ESMF has the meaning provided in paragraph 1(b) of Part B of Annex I.

ESMP has the meaning provided in paragraph 3 of Part A of Annex I.

ESMS has the meaning provided in paragraph 3 of Part A of Annex I.

Evaluation Component has the meaning provided in paragraph 1 of Annex III.

Excess CIF Amount has the meaning provided in Section 2.2(d).

FESIA has the meaning provided in paragraph 1(c) of Part B of Annex I.

Financial Close means all documents necessary to undertake the relevant transaction have been executed and all parties have received any financing necessary to undertake the relevant transaction.

First Compact has the meaning provided in paragraph 1(a) of Part A of Annex I.

Fiscal Agent has the meaning provided in paragraph 3 of Part C of Annex I.

Gas Action Plan means the short term plan delivered by the Government to MCC on or about June 18, 2014 which provides the framework for the institutionalization, commercialization and securitization of the Ghanaian gas sector.

Gas Sector Master Plan means the medium to long term plan approved by the Government which provides the strategy for infrastructure development priorities that will contribute to the development of the country's natural gas resources and security of energy supply as well as recommendations for a suitable institutional and regulatory framework and gas pricing and allocation policies.

GDP has the meaning provided in paragraph 1(b) of Part B of Annex I.

Ghana has the meaning provided in the Preamble.

GIS has the meaning provided in paragraph 1(a)(ii)(A) of Part B of Annex I.

Governance Guidelines means MCC's Guidelines for Accountable Entities and Implementation Structures.

Government has the meaning provided in the Preamble.

Grant has the meaning provided in Section 3.6(b).

IFC means the International Finance Corporation, an international organization established by Articles of Agreement among its member countries including Ghana.

Implementation Letter has the meaning provided in Section 3.5.

Implementing Entity has the meaning provided in paragraph 2 of Part C of Annex I.

Implementing Entity Agreement has the meaning provided in paragraph 2 of Part C of Annex I.

Indicators has the meaning provided in paragraph 3(a) of Annex III.

Inspector General has the meaning provided in Section 3.7(c).

Intellectual Property means all registered and unregistered trademarks, service marks, logos, names, trade names and all other trademark rights; all registered and unregistered copyrights; all patents, inventions, shop rights, know how, trade secrets, designs, drawings, art work, plans, prints, manuals, computer files, computer software, hard copy files, catalogues, specifications, and other proprietary

technology and similar information; and all registrations for, and applications for registration of, any of the foregoing, that are financed, in whole or in part, using MCC Funding.

IPP has the meaning provided in paragraph 5(a) of Part B of Annex I.

IPP Solicitation Plan has the meaning provided in paragraph 5(a)(iii)(C) of Part B of Annex I.

IRP has the meaning provided in paragraph 5(a)(iii)(A) of Part B of Annex I.

ITT has the meaning provided in paragraph 3(a)(vi) of Annex III.

LNG has the meaning provided in paragraph 5(a)(iii) of Part B of Annex I.

M&E has the meaning provided in paragraph 1 of Annex III.

M&E Plan has the meaning provided in Annex III.

Management Team has the meaning provided in paragraph 1(a) of Part C of Annex I.

Market means a space within a community managed and controlled by a local authority where people converge to transact in socio-economic activities to improve their living standards.

MCA Act has the meaning provided in Section 2.2(a).

MCC has the meaning provided in the Preamble.

MCC Environmental Guidelines has the meaning provided in Section 2.7(c).

MCC Funding has the meaning provided in Section 2.3.

MCC Gender Policy means the MCC Gender Policy (including any guidance documents issued in connection with such policy).

MCC M&E Policy has the meaning provided in Annex III.

MCC Program Closure Guidelines means the MCC Program Closure Guidelines (including any guidance documents issued in connection with such guidelines).

MCC Program Procurement Guidelines has the meaning provided in Section 3.6(a).

MCC Website means the MCC website at www.mcc.gov.

MDAs means all ministries, departments and agencies within the Government.

Micro, Small, and Medium Enterprises or MSMEs mean formal or informal businesses that employ:

Micro: less than 6 people

Small: between 6 and 29 people

Medium: between 30 and 99 people

MiDA has the meaning provided in Section 3.2(b).

MoEP has the meaning provided in paragraph 3(a)(i) of Part B of Annex I.

Monitoring Component has the meaning provided in paragraph 1 of Annex III.

Multi-Year Financial Plan Summary has the meaning provided in paragraph 1 of Annex II.

NDPC has the meaning provided in paragraph 3(a)(i) of Part B of Annex I.

NEDCo means the Northern Electricity Distribution Company.

NEDCo Target Regions means the Sunyani, Tamale, Techiman NEDCo operational areas or other NEDCo operational areas as may be determined based on recommendations from (a) the feasibility study funded under the 609(g) Agreement, (b) the studies undertaken under Annex I Section B 2(a)(ii)(1), or (iii) other NEDCo operational areas mutually agreed between the Government and MCC.

Partnership for Growth has the meaning provided in paragraph 1(a) of Part A of Annex I.

Party and Parties have the meaning provided in the Preamble.

Permitted Account has the meaning provided in Section 2.4.

Power Africa has the meaning provided in paragraph 1(f) of Part B of Annex I.

Principal Representative has the meaning provided in Section 4.2.

Procurement Agent has the meaning provided in paragraph 4 of Part C of Annex I.

Program has the meaning provided in the Preamble.

Program Assets means any assets, goods or property (real, tangible or intangible) purchased or financed in whole or in part (directly or indirectly) by MCC Funding.

Program Funding has the meaning provided in Section 2.1.

Program Guidelines means collectively the Audit Guidelines, the MCC Environmental Guidelines, the Governance Guidelines, the MCC Program Procurement Guidelines, the Reporting Guidelines, the MCC M&E Policy, the MCC Cost Principles for Government Affiliates Involved in Compact Implementation, the MCC Program Closure Guidelines, the MCC Gender Policy, the MCC Gender Integration Guidelines, the MCC Guidelines for Economic and Beneficiary Analysis, the MCC Standards for Global Marking, and any other guidelines, policies or guidance papers relating to the administration of MCC-funded compact programs, in each case, as such may be posted from time to time on the MCC Website.

Program Implementation Agreement and PIA have the meaning provided in Section 3.1.

Program Objectives has the meaning provided in Section 1.2.

Project(s) has the meaning provided in Section 1.2.

Project Objective(s) has the meaning provided in Section 1.3.

Provider means (a) any entity of the Government that receives or uses MCC Funding or any other Program Asset in carrying out activities in furtherance of this Compact or (b) any third party that receives at least US\$50,000 in the aggregate of MCC Funding (other than as salary or compensation as an employee of an entity of the Government) during the Compact Term.

PSP means private sector participation.

Public Lighting means lighting in public areas of Markets, Economic Enclaves and social institutions.

PURC has the meaning provided in paragraph 3(a)(i) of Part B of Annex I.

RAP has the meaning provided in paragraph 3 of Part A of Annex I.

Reform Unit has the meaning provided in paragraph 1(h) of Part B of Annex I.

Reporting Guidelines means the MCC Guidance on Quarterly MCA Disbursement Request and Reporting Package.

RPF has the meaning provided in paragraph 3 of Part A of Annex I.

Social and Gender Integration Plan has the meaning provided in paragraph 4 of Part A of Annex I.

Stakeholders Committee has the meaning provided in paragraph 1(e) Part C of Annex I.

Supplemental Agreement means any agreement between (a) the Government (or any Government affiliate, including MiDA) and MCC (including, but not limited to, the PIA), or (b) MCC and/or the Government (or any Government affiliate, including MiDA), on the one hand, and any third party, on the other hand, including any of the Providers, in each case, setting forth the details of any funding, implementing or other arrangements in furtherance of, and in compliance with, this Compact.

Target has the meaning provided in paragraph 3(a)(ii) of Annex III.

Targeted Markets and Economic Enclaves means Markets and Economic Enclaves within the ECG and NEDCo Target Regions that meet mutually agreed upon selection criteria for participation in the Access Project.

Targeted Social Institutions means selected schools and health centers in the vicinity of the Targeted Markets and Economic Enclaves.

Tariff Plan means the phased implementation plan to be delivered by the Government to MCC on or prior to the first anniversary following the entry into force of this Compact setting out a course of action to move ECG and NEDCo to full cost recovery tariffs. This full cost recovery tariff should include recovery of operating expenses, financing costs actually incurred by ECG and NEDCo, capital replacement charges and capital expansion charges so that tariffs reflect ECG and NEDCo's long-run marginal costs. The Government will also seek to ensure adequate protection of poor and vulnerable groups through a lifeline tariff or other mechanism in a manner which is consistent with average total cost recovery and efficient utilization of electricity.

Taxes has the meaning provided in Section 2.8(a).

Tranche I Funding has the meaning provided in Section 2.1.

Tranche II Funding has the meaning provided in Section 2.1.

United States Dollars or USD or US\$ means the lawful currency of the United States of America.

USAID has the meaning provided in paragraph 1(a) of Part A of Annex I.

USG has the meaning provided in paragraph 1(a) of Part A of Annex I.