MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

We wish to inform you that on December 19, 2019 the Millennium Challenge Corporation ("MCC") terminated assistance in part under the Millennium Challenge Compact with the Government of Ghana (the "Compact"). We are providing you with a report that contains the CEO's determination under section 611(a) of the Millennium Challenge Act of 2003, as amended, that was the basis for the termination. Funds subject to termination will be available for other current and future MCC programs.

The attached notification is being sent to Congress on December 20, 2019.

Sincerely,

Emily Davis
Vice President of Congressional and Public Affairs
Millennium Challenge Corporation

Enclosure: As stated

MILLENNIUM CHALLENGE CORPORATION
CONGRESSIONAL NOTIFICATION

December 20, 2019

In accordance with section 611(c) of the Millennium Challenge Act of 2003, as amended (the "Act"), this notification is to advise that on December 19, 2019, the Millennium Challenge Corporation ("MCC") terminated, in part, assistance provided under section 605 of the Act to the Government of Ghana (the "Government") under the Millennium Challenge Compact between MCC and the Government signed on August 5, 2014 (the "Compact").

MCC terminated $190,000,000 of Compact funding, effective as of the date of MCC's notice to the Government, due to the Government's failure to adhere to its responsibilities under the Compact.

A report containing the determination of the MCC Chief Executive Officer (CEO) under subsection 611(a)(3) of the Act follows.

Report on Determination by the CEO of MCC

On December 19, 2019, the Chief Executive Officer (CEO) of MCC, in accordance with Section 611(a) of the Millennium Challenge Act of 2003, as amended (the Act), determined that the Government of Ghana had failed to adhere to its responsibilities under the Compact between the Republic of Ghana and the United States of America, acting through MCC, signed on August 5, 2014 (the "Compact"), based on the following:

1. On July 30, 2019, the Government of Ghana (the "Government") suspended the concession of the Electricity Company of Ghana Limited ("ECG") created under the Lease and Assignment Agreement entered into between ECG and Power Distribution Services Limited ("PDS") on July 3, 2018. As its basis for suspension, the Government alleged that part of the financial transaction underlying the concession (a reinsurance-back demand guarantee) had been fraudulently obtained. However, the Government's designated entity for compact implementation, the Millennium Development Authority, hired a forensic auditing firm to conduct an independent audit. The firm concluded that there was no information to suggest fraud on the part of PDS in the transaction.

2. Based on the independent audit findings, MCC concluded that the Government's suspension of the ECG concession was unfounded and that the Government should restore the rights of the concessionaire.

3. MCC communicated this view to the Government in numerous discussions after the independent audit, in each case stressing that private sector participation in ECG is a central component of the Compact.

4. Despite the results of the independent audit and MCC's repeated demarches, on October 19, 2019, the Government informed MCC of its decision to terminate the concession agreement between ECG and PDS.

Because the ECG concession is a central component of the Compact, the CEO found that the Government's decision to terminate the concession arrangement constituted a material breach of the Government's obligations under the Compact, such that the country had failed to adhere to its responsibilities under certain portions of the Compact.

Section 611(a)(3) of the Act provides that the CEO of MCC, after consultation with the MCC Board of Directors, may terminate compact assistance in whole or in part for a country if the CEO determines that the country has failed to adhere to its responsibilities under the compact. Under MCC's *Suspension and Termination Policy*, a compact country "fails to adhere to its responsibilities" under a compact if, among other things, it materially breaches any assurance or obligation in the compact (or any related implementing agreement or document).

The CEO communicated his findings and recommendation of a partial termination of the Compact to the MCC Board of Directors following the Government's failure to adhere to its responsibilities under the Compact. The MCC Board of Directors subsequently voted unanimously to authorize termination of a portion of the Compact, and the CEO carried out this directive, providing written notice of the partial termination to the Government.