



## CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

This Congressional Notification outlines the Millennium Challenge Corporation's intent to increase and extend assistance under the Millennium Challenge Compact with the Government of Ghana. The increase and extension are needed to account for delays related to COVID-19.

We have also attached a report and justification that contains a detailed summary of the proposed increase in assistance under the Compact and a copy of the full text of the amendment to the Compact. In addition, we will publish a detailed summary, full text, and justification of the proposed increase in assistance under the Compact in the Federal Register and on MCC's website.

If you require a meeting to discuss the proposed compact, or MCC at large, please contact Brian Forni at (202) 521-2631 or [ForniBJ@mcc.gov](mailto:ForniBJ@mcc.gov).

The attached notification is being sent to the Congress on June 1, 2021. The assistance may be increased on or after 15 days from the date of this notification.

Sincerely,

/s/

Aysha House  
Vice President  
Congressional and Public Affairs

Enclosure: As stated

**MILLENNIUM CHALLENGE CORPORATION  
CONGRESSIONAL NOTIFICATION**

June 1, 2021

PROGRAM: Eligible Countries  
APPROPRIATIONS CATEGORY: Fiscal Year 2006 Program Funds  
OBLIGATION AMOUNT: \$7,651,395

Pursuant to section 9003 of the Consolidated Appropriations Act, 2021 (P.L. 116-260), Section 515 of the Foreign Operations, Export Financing, and Related Programs Act, 2006 (P.L. 109-102) and section 609(i) of the Millennium Challenge Act of 2003, as amended (the “Act”), this is to advise that the Millennium Challenge Corporation (“MCC”) intends to extend for a period of nine months the Millennium Challenge Compact with the Government of Ghana that was in effect as of January 29, 2020 (the “Compact”) and to amend the Compact to obligate an additional amount not to exceed \$7,651,395 under section 605 of the Act. The planned increase and extension are for the purpose of accounting for Compact delays related to COVID-19. The Compact would otherwise terminate in accordance with its original terms on September 6, 2021, but will be extended to June 6, 2022.

# **REPORT AND JUSTIFICATION OF THE PROPOSED EXTENSION OF AND INCREASE IN ASSISTANCE OF THE GHANA COMPACT DUE TO COVID-19**

## **Background**

The Millennium Challenge Corporation's \$308.2 million compact with the Government of Ghana is improving the power sector through investments that will provide more reliable and affordable electricity to Ghana's businesses and households. The Compact entered into force on September 6, 2016 and is focused on improving the infrastructure of Ghana's southern electricity distribution network, advancing energy efficiency programs, increasing power reliability and access to key markets, and strengthening Ghana's electricity sector regulatory institutions.

The Ghana Power Compact's investments focus on improving electricity delivery and overall service quality of electricity supply for approximately 4.8 million consumers. The investment strategy is based on an integrated loss management approach to reduce technical and commercial losses in the distribution system, reduce distribution system vulnerability, and reduce the frequency and duration of power outages.

## **Justification of Assistance and Impact of COVID-19 on the Ghana Power Compact**

In late January 2020, MCC received the first reports from Ghana of COVID-19-related manufacturing delays from equipment suppliers. On March 12, 2020, the Government of Ghana confirmed its first two cases of COVID-19 and later announced measures to prevent and control the virus' spread. These included mandated social distancing, restrictions on foreign national entry to the country, border closures, and partial lockdowns across major cities, including the capital city of Accra, the location of major Compact project sites.

Measures to mitigate the spread of COVID-19 led to global supply chain disruptions and restrictions on the movement of technical experts, project management staff, consultants, and contractors locally and internationally, thereby slowing procurements, the delivery of equipment and materials, factory testing and acceptance of key components, installation of equipment at project sites, and physical activity on project sites. In addition, temporary shutdowns of work sites due to cases of COVID-19, and temporary government office closures, have disrupted Compact implementation.

In early 2021 there was a spike in the number of COVID-19 cases in Ghana. On January 31, 2021, President Akufo-Addo reintroduced restrictions to address average daily case load increases from 200 to 700 cases per day. On February 3, 2021, the U.S. Embassy in Ghana returned to phase 1 under "Diplomacy Strong" due to a spike in COVID-19 cases, vaccination progress, and staff footprint, but recently returned to phase 2. On February 9, 2021, Ghana's Parliament shut down following a surge in COVID-19 cases among lawmakers and staff. These changes reflect how quickly conditions in Ghana can change. On March 1, President Akufo-Addo and his wife became

the first recipients of the COVAX vaccine<sup>1</sup>, publicly receiving injections to encourage citizen vaccination. The supply of vaccinations has not yet met the needed demand, but many vulnerable populations have slowly started to receive vaccinations in the most populated and at-risk areas of the country.

The following major infrastructure projects, directly impacted and delayed by the COVID-19 pandemic, require additional time and funding to complete:

- Installation of bulk supply points with feeders to existing primary substations – These investments at the interface of the electricity transmission grid and distribution network are intended to resolve voltage regulation problems, improve voltage profiles, and serve increased power supply demand in the fast-growing city of Kasoa and adjacent areas to the west of central Accra.
- Installation of primary substations with interconnecting sub-transmission links and medium voltage offloading circuits – This project will help reduce technical losses and avoid extended outages caused by failures or exceeding maximum capacity at geographically adjacent substations to project sites at Kanda and Legon.
- Installation of low voltage bifurcation along with network improvements – These investments in the local low voltage distribution network will improve the quality of service and reduce technical losses in the district of Kwabenya, which is the fifth district in Greater Accra where such improvements are being made (work in other districts has been completed or is nearing completion.)

The Government of Ghana has exceeded the required country contribution of 7.5 percent of the Compact value to ensure the completion of project activities.

The Compact includes the following four projects:

- **The Electricity Company of Ghana Financial and Operational Turnaround Project** is supporting the Government of Ghana’s efforts to improve the efficiency of Ghana’s largest state-owned electricity distribution utility by investing in distribution infrastructure and making investments in systems at the corporate level to improve overall service quality. The project includes targeted regional infrastructure investments to support integrated power loss management, reduce distribution system vulnerability to theft and meter manipulation, lower thermal losses in the distribution system, and reduce the frequency and duration of power outages.

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<sup>1</sup> COVID-19 Vaccines Global Access, abbreviated as COVAX, is a global initiative aimed at equitable access to COVID-19 vaccines led by UNICEF, Gavi, the Vaccine Alliance, the World Health Organization, the Coalition for Epidemic Preparedness Innovations, and others.

- The **Energy Efficiency and Demand Side Management Project** is offsetting demand for electricity by developing improved or new efficiency standards for appliances, encouraging education and more efficient energy use among consumers, investing in more efficient government buildings, and exploring demand side management measures, like converting streetlights to more efficient light-emitting diode technology.
- The **Access Project** is facilitating safe and legal access to reliable electricity in markets and economic enclaves in urban areas. Key interventions are the replacement of electrical distribution systems in market areas, the provision of security lighting, and a facilitation and capacity building process aimed at formalizing connections.
- The **Regulatory Strengthening and Capacity Building Project** is helping the Government of Ghana to ensure that Ghana’s electricity sector regulators, the Energy Commission, and the Public Utilities Regulatory Commission, have the resources and capacity they need to ensure that power services are reliable, affordable and of high quality. This project includes support for key tariff studies, technical assistance, and capacity building.

The additional MCC funding will be used to support oversight and other administrative functions during the additional nine months of the Compact term.

As COVID-19 has disrupted program activities and timelines, this additional time will maximize long-term results and MCC’s return on investment, by enabling MCC and its accountable entity in Ghana to complete and hand over all ongoing projects to the beneficiary institutions without compromising health, safety, or environmental standards, and will reduce sustainability risks through the necessary attention to testing, commissioning, training of utility operators and technicians, and additional oversight. **Achievements to Date**

All major procurements for consultancies and construction works are completed. Ghana’s accountable entity is addressing delays due to COVID-19 while overseeing the construction of two bulk supply points and interconnecting circuits, two primary substations and interconnecting circuits, low voltage line bifurcation in districts across Greater Accra, high voltage distribution systems in 10 market enclaves, and streetlighting works. All contractors have COVID-19 risk mitigation plans in place and have adopted new safety protocols.

Information technology investments in a geographic information system and a meter management system at Ghana’s largest utility are in the final stages of operational acceptance testing, user pilots, and handover. Training to strengthen Ghana’s electricity regulatory institutions was adapted to fit new safety protocols and travel restrictions under COVID-19, and that training has progressed virtually and is nearing completion.

Smaller-scale construction works to create testing facilities and training facilities for energy efficient appliances and energy auditors, respectively, are near completion. These works are complemented by ongoing efforts to develop, review, and promulgate regulations for energy efficiency standards for appliances and integrate energy efficiency into school curricula. Although this work has been delayed due to COVID-19, work is now progressing. Work to retrofit

government institutions, hospitals, and education institutions with energy efficient appliances and equipment to reduce demand has been completed.

Efforts to mainstream gender inclusiveness in the power sector have focused on strengthening the institutional capacity of the country's largest power distribution utility and providing internships and mentoring for female students and trainees in the science, technology, engineering, and mathematics fields. Under the Compact program, the utility has approved a gender policy and action plan and established a gender unit. The gender policy makes key commitments including increasing the number of female employees from 24 percent currently to 40 percent by 2035. In addition, the policy will promote gender equitable recruitment and promotion practices and institute a zero-tolerance policy on sexual harassment in the workplace. Key personnel are being trained and coached. Moreover, the first and second Women in Energy Conferences have convened with 180 participants from power sector institutions, creating a platform for national and regional networking and sharing of experiences, best practices, and lessons learned on creating equal opportunities for women and strategizing to compete for employment and decision-making positions across utilities. In addition, 232 female interns have completed internships in power sector institutions. Due to COVID-19, 2020 interns were not able to participate in the full internship program, but 160 participated in an online mentoring program that focused on helping the participants understand their strengths, build their skills in resume preparation, communication, and assertiveness, and equip them with skills for succeeding in the work environment.

In addition, the Government of Ghana has partnered with the University of California, Berkeley to use "GridWatch" sensor technology to collect data on outages at the household level to more accurately account for service improvements after new infrastructure investments under the Compact become operational.

## **FULL TEXT OF THE PROPOSED AMENDMENT TO THE COMPACT**