



MILLENNIUM
CHALLENGE CORPORATION
UNITED STATES OF AMERICA

Fact Sheet

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Investments to Transform Ghana's Power Sector

The Millennium Challenge Corporation will invest up to \$498 million over the next five years to support the transformation of Ghana's power sector and stimulate private investment. The five-year Ghana Power Compact seeks to create a financially viable power sector that will meet the current and future needs of households and businesses—and ultimately help fight poverty across the country.

At the heart of the compact is a strong commitment from the Government of Ghana to implement reforms needed to transform its power sector and put it on a path to profitability and sustainability, ultimately creating an investment climate that will attract private investment. The government has also pledged to invest at least \$37.4 million of its own money, and the compact is expected to catalyze at least \$4 billion in private energy investment and activity in the coming years.

The compact takes a holistic approach to Ghana's energy challenges with six projects across three areas: distribution, generation and access to energy. The compact also supports Ghana's efforts to mitigate climate change by funding major energy-efficiency initiatives and improving the investment climate for renewable energy.

The compact will play a critical role in Power Africa, the U.S. Government's initiative to double access to power on the African continent. The Ghana Power Compact is the largest U.S. Government transaction to date under Power Africa and will serve as an anchor for increased American engagement in Ghana.

Investing in Sustainable Utilities

Like many countries in Africa, Ghana does not have enough power to drive sustainable economic growth. Persistent outages cripple businesses and make life difficult for millions of households.

The compact includes an initial investment of up to \$149.6 million to put the country's main distribution company, the Electricity Company of Ghana, on the path to sustainability. The compact will help the utility meet existing and future demands by improving oversight and management and by upgrading infrastructure to reduce outages and improve service. The compact will also invest up to \$54.2 million to improve the Northern Electricity Distribution Company.

MCC will invest a second, \$190 million tranche of funding if the Government of Ghana accomplishes the reform milestones established in the compact, which are critical for attracting the private investment that is key to Ghana's future economic success.

Expanding Power Supply

To support the Government of Ghana's ambitious goal of increasing power supply, the compact will help make more energy available by investing in energy efficiency and facilitating private sector investment in additional generation capacity.

MCC will invest \$16.3 million to establish a sustainable, market-oriented gas sector that ensures a reliable supply for power generation. This investment also includes technical assistance that facilitates the Ghanaian government's goal of importing liquefied natural gas to supplement current fuel sources.

The compact will also support improved management of the country's entire power system, establish a more robust framework for private investment and develop and implement a competitive solicitation process for procurement of power from independent producers.

MCC will invest \$25.4 million to reduce consumer electricity waste, one of the most cost-effective means to bridge the current gap between supply and demand. The compact will help develop energy-efficiency standards and labeling for consumer products, build the country's energy auditing and management industries, launch a public-awareness campaign, convert conventional street lights to more efficient LED lighting, and field pilot programs to test off-grid backup systems for government facilities.

Increasing Access to the Grid

Thousands of micro-, small- and medium-sized businesses—many of them owned by women—operate in marketplaces throughout Ghana, though many do not have legal access to electricity. MCC will invest \$10 million to help these businesses legally connect to the grid and improve safety and security in target areas.

The compact will help the electric utilities expand their customer bases to include this critical segment of the Ghanaian economy. This project is designed to be innovative and experimental—and if successful, it could be scaled up during or after compact implementation.

Compact budget overview (figures in millions)		
Project	Initial funding	Tranche II
Electricity Company of Ghana Financial and Operational Turnaround Project	\$149.6	\$190
Northern Electricity Distribution Company Financial and Operational Turnaround Project	\$54.2	
Regulatory Strengthening and Capacity Building Project	\$5.0	
Access Project	\$10.0	
Power Sector Generation Improvement Project	\$16.3	
Energy Efficiency and Demand-Side Management Project	\$25.4	
Monitoring and evaluation	\$7.6	
Program administration and oversight	\$40.2	
Total	\$308.2	\$190
Potential grand total	\$498.2	