



MEMORANDUM OF UNDERSTANDING

Between

The Government of Ghana

and

The Government of the United States of America

Regarding

Power Africa

This Memorandum of Understanding (MOU) is jointly reached by the Government of Ghana (GOG), acting through its Minister of Energy and Petroleum, and the Government of the United States of America ("USG"), acting through its Secretary of Commerce (hereinafter the Participants).

U.S. President Barack Obama launched the Power Africa initiative (Power Africa) on June 30, 2013, during his visit to Africa. Power Africa draws on the tools of multiple USG agencies, including the Department of Commerce (DOC), the Department of Energy (DOE), the Department of State (State), the Department of the Treasury (DOT), the Export-Import Bank (EXIM), the Millennium Challenge Corporation (MCC), the Overseas Private Investment Corporation (OPIC), the U.S. African Development Foundation (USADF), the U.S. Agency for International Development (USAID), and the U.S. Trade and Development Agency (USTDA), to partner with the private and public sectors to increase significantly the amount of electricity available in sub-Saharan Africa.

WHEREAS, the Government of Ghana and the Government of the United States of America share a long history of partnership of fostering economic development formalized under the General Agreement for Technical Cooperation, signed in Accra on June 3, 1957;

WHEREAS, the Participants recognize the constraints to the delivery of electrical power throughout Ghana and seek to expand development cooperation between the Governments;

WHEREAS, Power Africa has set the goal of doubling the number of people in sub-Saharan Africa with access to electricity through a multi-stakeholder partnership among the Governments of Ethiopia, Ghana, Kenya, Liberia, Nigeria and Tanzania (the Power Africa Focus Countries), the USG, the U.S. and African private sectors, the World Bank, and the African Development Bank, as well as other public and private partners;

WHEREAS, Power Africa aims to achieve its goal by accelerating investment in sub-Saharan Africa's power sector through its partnerships over the next five years, adding no less than 10,000 MW of electricity and increasing the number of people with access to electricity by 20 million in the Power Africa Focus Countries;

WHEREAS, the Government of Ghana seeks to increase its own supply of electricity to 5,000 MW by 2016;

WHEREAS, the Participants reaffirm joint commitments made under the Partnership for Growth Initiative;

NOW, THEREFORE, the Participants express the following intentions:

GOG Power Africa Intentions:

- 1) The GOG expresses its support for Power Africa, which aligns with the GOG's objectives of increasing the scale and quality of energy supply; improved operational efficiencies of the utilities; and increased access to electricity.

General Intentions:

- 2) Accordingly, the GOG intends to undertake key policy reforms and structural changes with respect to the Energy Sector, including:
 - (a) Implementation of institutional, regulatory and structural reforms.
 - (b) Execution of catalytic, sustainable, transparent and non-discriminatory economic reforms to spur rapid broad-based and inclusive economic growth to drive meaningful policy change and institutional reform.
 - (c) Allocation of resources to address known and emerging constraints throughout the power sector.

Specific Intentions:

3) Specific activities intended to be undertaken:

(a) **The GOG intends to implement the reform milestones agreed in the September 2012 and July 2013 Aides Memoires between GOG and MCC:**

- i. **Loss reduction.** GoG intends, through the Ministry of Energy and Petroleum (MOEP), Electricity Company of Ghana (ECG) and Northern Electricity Distribution Company (NEDCo), to conduct strong top-down commitment and actions to implement aggressive loss reduction campaigns, including measures to ensure responsibility and accountability of the loss reduction campaign, defined metrics and direct lines from ECG's and NEDCo's operations to their management and Boards to MOEP to monitor progress.
 - ii. **Arrears:** GoG intends to implement a time-bound plan to move government Ministries, Departments and Agencies to regular and current payment of electricity bills.
 - iii. **Gas Master Plan.** GoG intends to approve and promulgate a Gas Sector Master Plan not later than March 2015. The plan is expected to include provisions for allocation and pricing, and clearly defined roles and responsibilities in the gas sector and lead eventually to a more market-based allocation system.
 - iv. **Gas Supply Agreements.** GoG intends to finalize Gas Supply Agreements between producers and Ghana National Petroleum Corporation (GNPC), beginning with the Jubilee oil field, not later than June 2014.
- (b) **Rural Access:** GoG intends, through MOEP, to develop a Grid Expansion Plan to better define planned expansion and off-grid options so as to reach universal access goals by 2020.
- (c) **Transmission Quality Improvements:** GoG intends, through the Ghana Grid Company (GRIDCo), to facilitate technical support to improve system operations and management and improve performance and reliability.

USG Power Africa Intentions:

4. The USG, through its on-going Power Africa development programs, seeks to continue to support GOG institutions responsible for the development and implementation of these policies, and intends to better align its Power Africa programs, across all USG agencies, with GOG priorities. In addition to its ongoing development programs, and subject to the availability of funds, the USG plans to take the following steps:

General Intentions:

5. The USG, through EXIM, intends to make available up to \$5 billion in support of U.S. exports for the development of power projects across sub-Saharan Africa with the expectation that this will increase trade opportunities for Power Africa Focus Countries, thus increasing economic growth.
6. The USG, through OPIC, intends to make available up to \$ 1.5 billion in financing and insurance to support energy projects in sub-Saharan Africa.
7. The USG, through MCC, intends to enter into compacts with eligible Power Africa Focus Countries and invest up to \$1 billion in African power systems to increase access to and the reliability of electricity.
8. The USG, through USAID, intends to commit, subject to the availability of funding, an estimated \$285 million over five years to support Power Africa activities in the Power Africa Focus Countries. Illustrative continental and regional activities that benefit all Power Africa Focus Countries include, but are not limited to:
 - (a) An initial \$5 million contribution to the African Development Bank's Sustainable Energy Fund for Africa, which provides policy support and technical assistance to develop national renewables strategies; underwrites additional capital costs and risks associated with renewable energy investments; and support other instruments for reducing risk to investors.
 - (b) Financial and technical support for both on-grid and off-grid electricity projects, through the hiring of full-time Transaction Advisors based in Africa, who are to focus on advancing energy transactions.
 - (c) A \$3.0 million contribution to the African Legal Support Facility to help provide legal services and legal capacity building to Power Africa host governments to help advance Power Africa transactions.

9. The USG, through the DOC, intends to participate actively in the Power Africa initiative. DOC's U.S. and Foreign Commercial Service (Commercial Service) intends to work to facilitate and promote commercial opportunities for U.S. companies as such opportunities are developed by Power Africa teams on the ground. The Commercial Service has an active working relationship with U.S. Government funding agencies, including EXIM, OPIC and USTDA. Utilizing this working relationship, Commercial Service staff assist U.S. exporters to package their products with attractive financing, often helping to overcome obstacles and deliver successful results.
10. The USG, through USAID and DOC, through its Commercial Law Development Program, intends to continue working with African and international legal experts to develop standardized, annotated Power Purchasing and other legal agreements that offer to reduce significantly the amount of time required to negotiate and close energy transactions.
11. The USG, through OPIC and USTDA, intends to provide up to \$20 million in project preparation, feasibility and technical assistance grants to develop renewable energy projects. These efforts are expected to be coordinated through the U.S.–Africa Clean Energy Finance Initiative (US-ACEF) and supported by the recently launched U.S.-Africa Clean Energy Development and Finance Center (CEDFC) in Johannesburg, South Africa. The USG, through USTDA, intends to support Power Africa activities in all the Power Africa Focus Countries by providing funding for analysis of major energy infrastructure investments to achieve successful project financing and implementation; pilot projects to demonstrate the effectiveness of U.S. technological solutions; trade missions to the United States for overseas project sponsors to observe American products, practices and services that can help achieve their development goals; and technical assistance to support legal and regulatory reforms for infrastructure development.
12. The USG, through DOE, intends to provide assistance to help resolve technical impediments to the deployment of power projects and to expedite projects. This assistance can occur through bilateral engagement in policy reform, analytical evaluation of energy markets, or through a formal engagement of the national laboratories that can be hired for their expertise on research and development to resolve technological constraints.
13. The USG, through the Embassy, intends to consult with USAID, USTDA, MCC, DOC, DOE and other USG agencies to explore how a variety of U.S. Government resources can strengthen the USG contribution to Power Africa.

Specific Ghana Intentions:

14. In Ghana, the USG, through MCC, intends to enter into a compact with the GOG on the order of US\$500 million, subject to the availability of funding, focused on transforming the power sector and economy through improved reliability and quality of power by investing in:
 - (a) the financial and operational turnaround of ECG;
 - (b) regulatory strengthening and capacity building;
 - (c) improving access to electricity for small and medium enterprises;
 - (d) power generation improvement; and
 - (e) demand side management and energy efficiency.

15. In Ghana, the USG, through USAID, intends to provide an estimated \$40 million, subject to the availability of funding, in support of the Partnership for Growth and Power Africa activities and intends to provide technical assistance to assess challenges, recommend technical interventions and increase institutional capacity throughout the power sector. This is expected to include resident and short-term technical assistance to the MOEP, ECG, GNGC, Energy Commission, PURC, NEDCo and other GOG power related agencies, in collaboration with MCC. Illustrative USAID activities include, but are not limited to providing assistance to the GOG to:
 - (a) Structure a reliable gas supply for power generation;
 - (b) Establish, communicate and collect cost-reflective tariffs, while putting in place measures to protect low income households;
 - (c) Restore the credit-worthiness and improve efficiency of key power off-takers, e.g., ECG and NEDCo;
 - (d) Reduce the payment arrears that GOG owes ECG and establish systems to prevent their accumulation in the future;
 - (e) Establish technical, commercial and collection (TC&C) loss reduction programs at ECG and NEDCo; and
 - (f) Respond to the rising demand for electric power by bringing a number of high-impact power transactions to close on commercial terms.

16. In Ghana, the USG, through USTDA, intends to provide \$2 million in support of a Smart Grid Applications Feasibility Study with ECG, a Reverse Trade Mission to the United States to view floating liquefied natural gas (LNG) storage and regasification unit (FSRU) technology, technical assistance to NEDCo in management and investment planning, and a feasibility study with GRIDCo for the Aboadze-Domunli-Prestea Transmission Line. Further, USTDA intends to also actively search for renewable energy activities primarily through the joint U.S. ACEF initiative with OPIC. Under the initiative, USTDA intends to leverage its project planning expertise to support clean energy activities eligible for and currently in OPIC's pipeline for private-sector transactions.

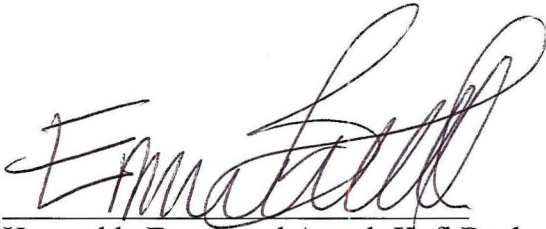
17. In Ghana, the USG, through the DOC Commercial Service, intends to:
- (a) Utilize a network of 100 offices in U.S. cities to communicate opportunities being created by Power Africa in Ghana to potential U.S. exporters;
 - (b) Bring deep trade experience to transactions being developed by Power Africa, engaging U.S. companies to encourage participation in commercial opportunities; and
 - (c) Leverage strong ties with U.S. government financing agencies to assist U.S. exporters to access U.S. financing to package with U.S. exports.
18. In Ghana, the USG, through State, intends to facilitate Sustainable Energy for All (SE4ALL) engagement and projects with the GoG and multilateral partners including multilateral development banks to meet SE4ALL's objectives by 2030. This includes supporting: i) universal energy access to modern energy services; ii) a doubling of the rate of improvement in energy efficiency; and iii) a doubling of the share of renewable energy in Ghana's national energy mix. State also intends to work with the GOG and the private sector to implement reforms that will reduce uncertainties in the power sector to enable increased public and private investments to enter the market.

General Intentions and Conditions:

19. The Participants intend to enter into one or more agreements or arrangements for each project that would further describe the project and its implementation among the Participants.
20. The Participants intend to endeavor to meet on a jointly decided and regular basis to discuss existing and new potential opportunities for cooperation and progress towards meeting the intentions expressed in this MOU.
21. The Participants intend to cooperate towards giving appropriate publicity to any cooperation provided.
22. This MOU is intended to become operational as of the date of signature by both Participants and is intended to remain operational through December 31, 2018, unless: (i) either Participant provides written notice to the other Participant of its intention to discontinue the MOU at an earlier time, (ii) terminated earlier by the GOG, or (iii) the MOU is extended by written consent of the Participants. Modification of the terms of this MOU should be made through a written modification signed by both Participants.
23. All potential actions of the Participants under this MOU are subject to the availability of funds. This MOU does not impose, nor is it intended to impose, any legal rights or obligations on the Participants under domestic or international law.

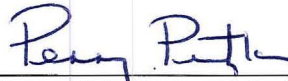
24. Nothing in this MOU is intended to supersede or interfere in any way with any agreements or contracts entered into by either Participant, either prior to or subsequent to the signing of this MOU.

Signed in Accra.



Honorable Emmanuel Armah-Kofi Buah
Minister of Energy and Petroleum

Date: 20 May 2014



Honorable Penny Pritzker
U.S. Secretary of Commerce

Date: 20 May 2014