



Millennium Challenge Corporation

Facilitating Infrastructure Investments

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Global Practice Leader - Energy

South Asia Investor's Workshop on "Cross Border Electricity Trade"

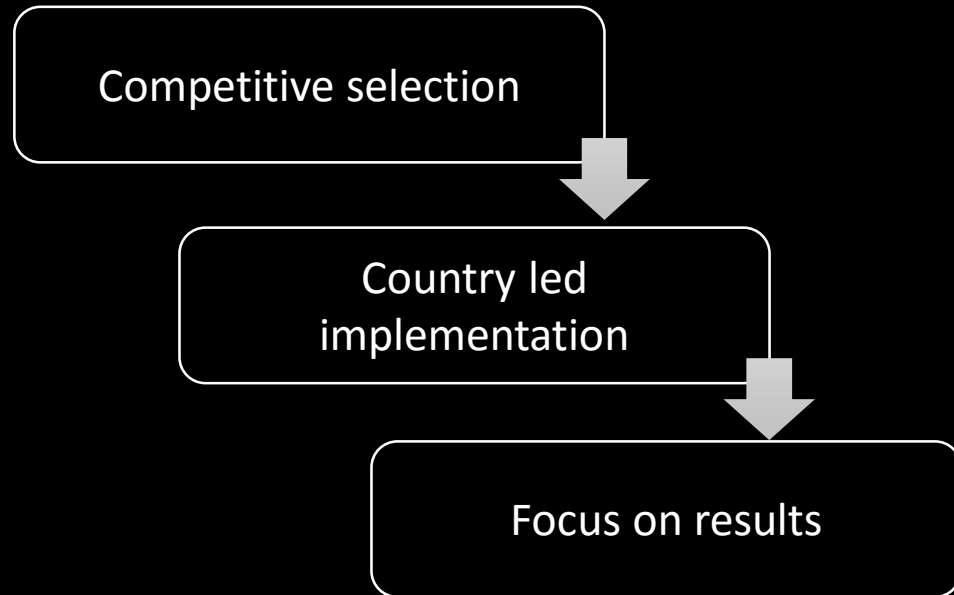
New Delhi, India

25 September 2014

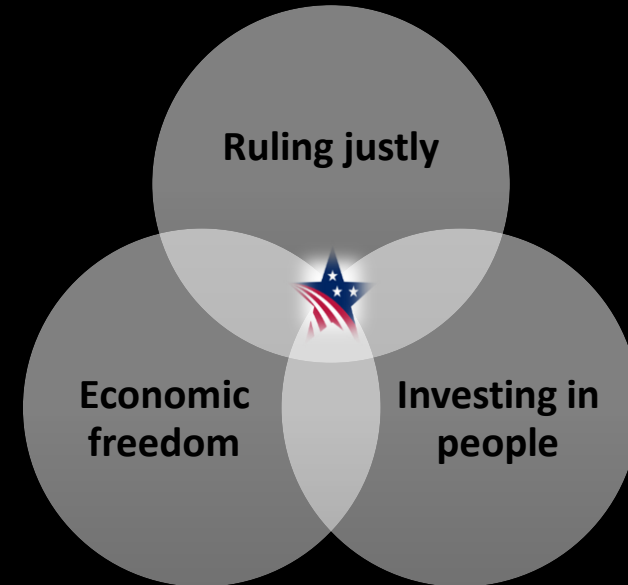
Who we are

- An independent agency of the US Government, established in 2004
- Focused mandate to reduce poverty through economic growth
- Public-private Board of Directors
 - Secretary of State (Chair)
 - Government members – Treasury, USTR, State, USAID
 - Private members – four (two each nominated by political parties)

Our model

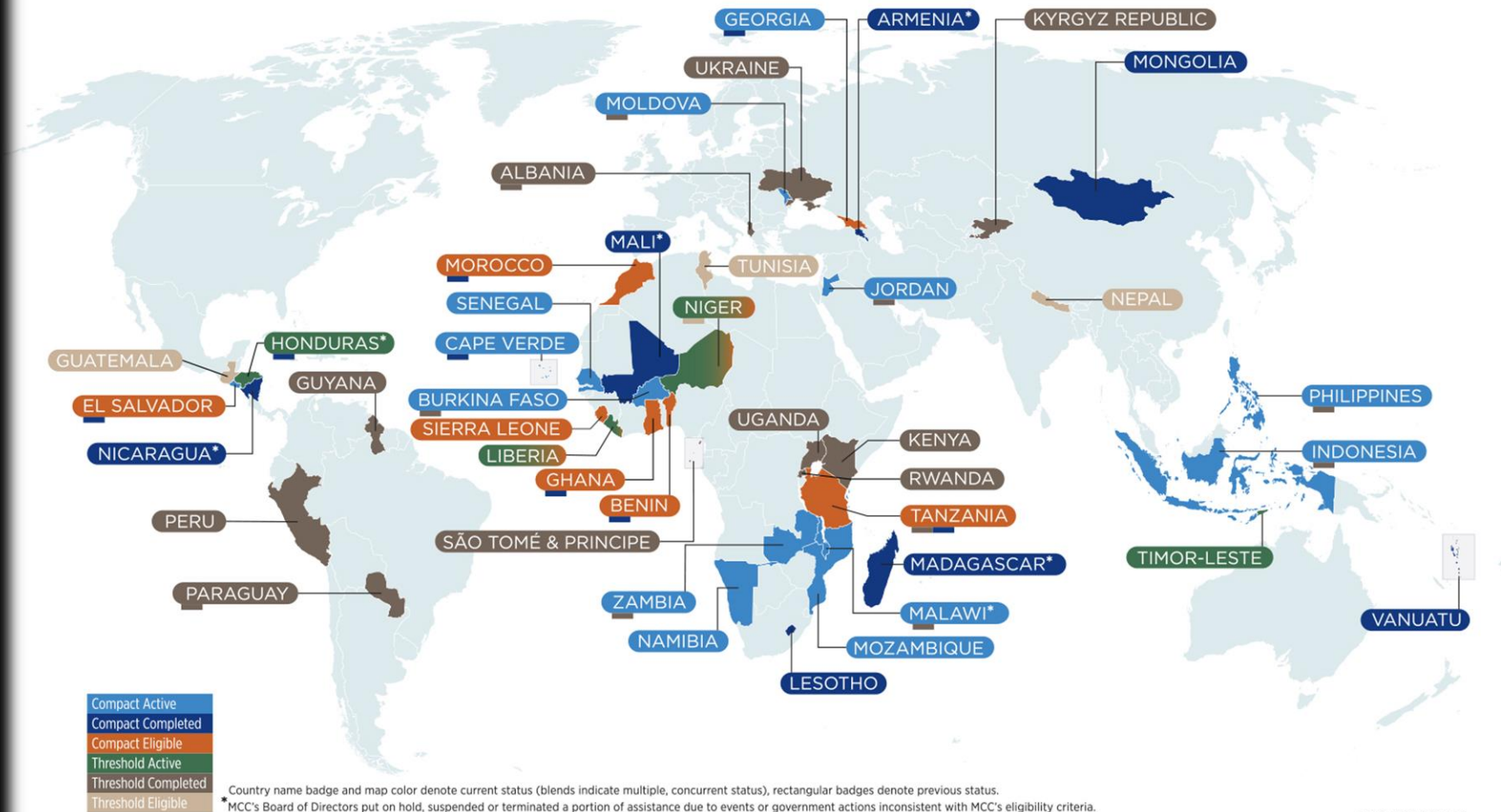


Competitive Selection (21 indicators)



Where we operate

Compact, Threshold Program and Eligible Countries



Our products

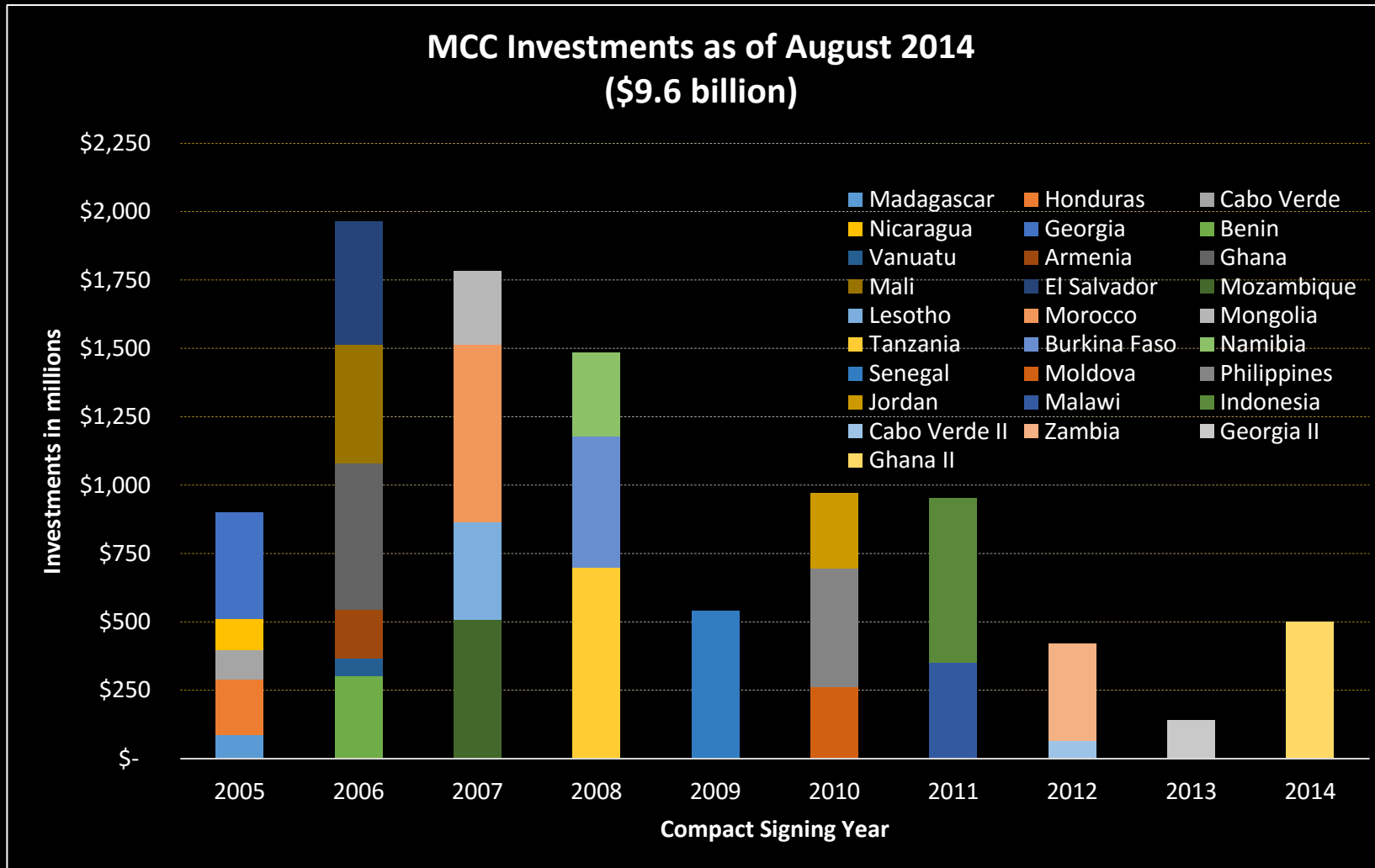
Threshold Programs

2-4 years
\$7 – \$55 million
(Avg. ~\$20 million)

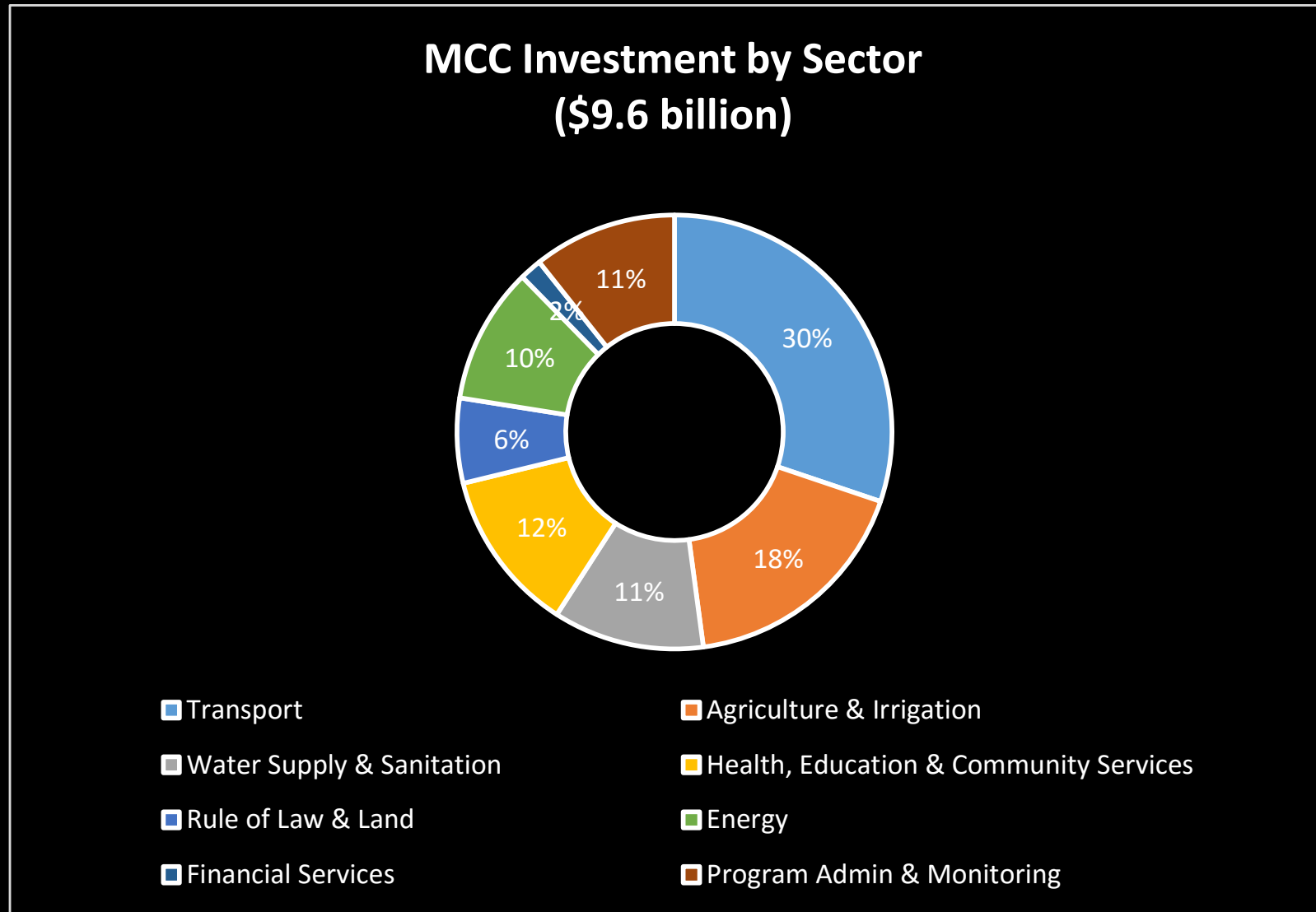
Compact Programs

5 years
\$65 – \$698 million
(Avg. ~\$345 million)

Investments to date \$9.6 billion; Exits \$6.1 billion



Infrastructure makes up ~60% of our investments



Representative MCC infrastructure investments

Benin Port

- MCC investment \$188 million
- Catalyzed additional \$256million
- Relieved congestion and improved efficiency of the Port under a PPP

Ghana Power

- MCC investment \$498 million
- Private commitments of ~\$4 billion
- Concession of distribution company
- Investment in power infrastructure

Jordan WWTP

- MCC investment \$93m
- Catalyzed \$110m of private investment
- Expanded waster water treatment plant capacity by 1/3rd

Malawi Power

- MCC investment \$350 million
- Investment in power infrastructure, including 400kV transmission line
- Will facilitate regional power trade

MCC's energy sector investments

Closed Compacts	Active Compacts	Under Development	Threshold
Georgia, El Salvador, Ghana, Tanzania, Mongolia	Malawi, Indonesia, Ghana	Tanzania, Liberia Sierra Leone, Benin	Nepal
\$340 million	\$1,164 million	>\$1,000 million	?

MCC is a key *Power Africa* implementation agency

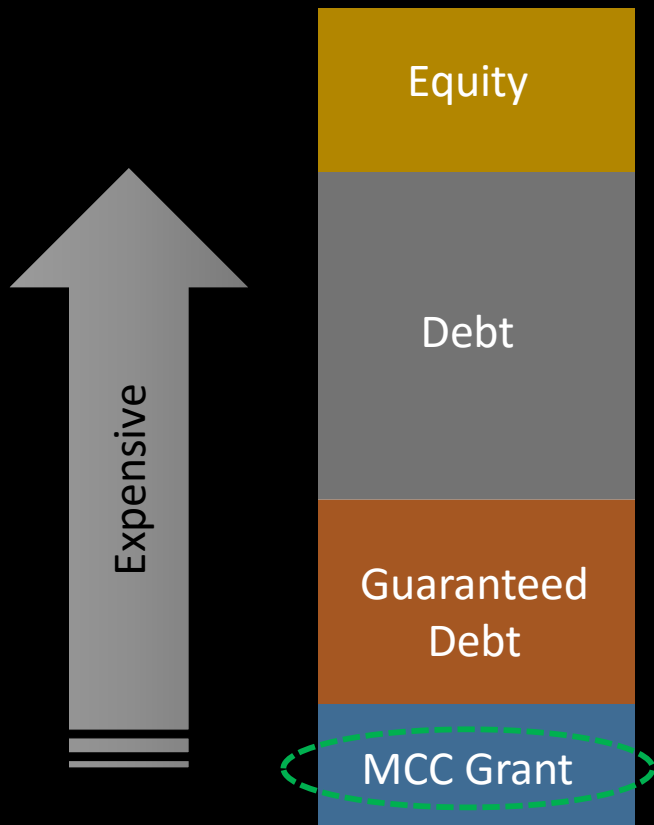
South Asia's power investment needs are staggering

- South Asia needs approximately \$1,700 billion in investments in the power sector between 2010-2035 (Source: ADB)
- Public sector cannot meet this level of investment
- To attract the private sector, countries need to focus on:
 - Policy, legal, regulatory and institutional reforms
 - Fix credit-worthiness of off-taker(s)
 - Invest in public infrastructure (transmission, distribution) to facilitate trade

MCC program in Nepal addresses investor concerns

- **Strategy, vision, and plan for the power sector (for policy certainty)**
 - Modern *energy* policy, and power market reform road map
 - Clear institutional roles and responsibilities
 - Passage of new sector laws
- **NEA performance improvement (to improve off-taker creditworthiness)**
 - Financial turnaround (tariffs, collections, controls, risk management)
 - Operational turnaround (losses, project management, service quality)
 - Governance reform (Board independence, BOD member qualifications, CoI)
- **Operationalize PTA (to maximum benefit from power trade)**
 - Institutional arrangements
 - Power trade strategies (products, prices, dispatch)

Nepal is not eligible for an MCC Compact yet, but ...



- Streamline bankable generation projects for private investors
- Invest in public sector infrastructure to complement private investments:
 - Cross border transmission infrastructure
 - Domestic T&D
 - SCADA, dispatch, controls
- Off grid, micro/mini grid
- Institutional improvements and turn-around



Thank you

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