



STATUTE

of

Millennium Foundation Kosovo

ARTICLE 1. GENERAL

Section 1.1 Name. Millennium Foundation Kosovo – Republic of Kosovo or MF-Kosovo.

Section 1.2 Type. A local foundation organized and registered pursuant to the **Threshold Agreement between Government of Republic of Kosovo, acting through the President of the Republic of Kosovo, and United States of America, acting through the Millennium Challenge Corporation, signed and ratified on 12th of September 2017 and Law NO.04/L –057 on Freedom Of Association In Non-Governmental Organisations** (the “*Enabling Legal Framework*”).

Section 1.3 Organization. MF-Kosovo’s board of directors will have ultimate authority to direct MF-Kosovo. MF-Kosovo will consist of (a) a board of directors comprised of the 7 members described in Section 3.7 of this Statute (the “**Board**”), (b) a management team (the “**Management Unit**”), and (c) one or more stakeholder committees to provide advice and input to MF-Kosovo and to disseminate information concerning program implementation to the public (each a “**Stakeholder Committee**” and together the “**Stakeholder Committees**”), each as more particularly described in this Statute.

ARTICLE 2. PURPOSE, POWERS AND CORE MISSION STATEMENT

Section 2.1 Purpose and Authority. MF-Kosovo will have the purpose of acting as the Government’s primary agent to implement the Program and to perform the Government’s right and obligation to oversee, manage and implement the Threshold Program, including without limitation, managing the implementation of Projects and their activities, allocating resources and managing procurements. It will be empowered by the Threshold Program Grant Agreement (the “**Agreement**”) and the Enabling Statute with the authority to perform the Government’s obligations under the Agreement in an independent, transparent and accountable manner. Pursuant to Section

4.9(k) of the Agreement, MF-Kosovo may engage in other activities pursuant to its core mission of “implementing innovative programs to promote growth, helping Kosovars lift themselves out of poverty, and investing in future generations.” Any such activity can be initiated and implemented after obtaining the prior written approval of MCC.

Section 2.2 Powers. MF-Kosovo will have the following powers and legal capacities without limitation:

(a) to perform the Designated Rights and Responsibilities under the Agreement and related agreements, and to bind the Government to the full extent of such rights and responsibilities;

(b) to make its own budget and implement the decisions of its Board;

(c) to expend Grant funding;

(d) to acquire, own, possess and dispose of property in its own name;

(e) to sue and be sued in its own name;

(f) to enter into, be bound by and enforce contracts in its own name, with private and public entities including MCC, other Government ministries and sub-entities (such as project implementation units), employees, service providers and consultants;

(g) to engage implementing entities, through Supplemental Agreements approved by MCC, and to delegate certain powers in accordance with the Agreement with the approval of MCC;

(h) to insure against all normal commercial risks associated with its activities;

(i) to open bank accounts in its own name; and

(j) generally, to perform such duties and exercise such powers of the accountable entity as contemplated by the Agreement and the Program Guidelines.

Section 2.3 MF-Kosovo will not, directly or indirectly, engage in any activity prohibited under the Agreement.

ARTICLE 3. BOARD OF DIRECTORS

Section 3.1 Role of the Board. MF-Kosovo will be governed by the Board. The Board will have independent decision making authority and will have ultimate authority and responsibility (a) for the oversight, direction and decisions of MF-Kosovo, and (b) for the overall implementation of the Program in accordance with the Agreement and all other Supplemental Agreements. The Board is to be independent and the final decision maker with respect to the Agreement, subject to the rights of approval of MCC contained in the Agreement. The Board’s decisions will not be subject to

review and reversal by any other Government entity or official other than a judicial authority exercising proper jurisdiction.

Section 3.2 Responsibilities of the Board. Without limiting the general responsibilities of the Board as described in Section 3.1 of this Statute, and the non-delegable responsibilities of the Board described in Section 3.3 of this Statute, the Board will:

- (a) follow MF-Kosovo's Governing Documents including its mission to implement the Agreement;
- (b) participate actively in overseeing the management of MF-Kosovo, including evaluation of its reports as well as performance of its staff;
- (c) oversee and provide direction to the Management Unit; and ensure that the Management Unit is composed of qualified experts from the public or private sectors, hired through an open and competitive recruitment and selection process;
- (d) protect, preserve and manage the assets financed with Grant funding and ensure that Grant funding is used for its intended purposes;
- (e) keep written minutes of all meetings held by the Board, which will reflect all decisions made and all actions taken;
- (f) ensure that MF-Kosovo's records and accounts are accurate and complete;
- (g) ensure that regular audits of MF-Kosovo by an independent auditor are performed annually; and
- (h) actively engage with and consider the recommendations and advice of the Management Unit made pursuant to Article 4 of this Statute, and, if the Board deems advisable, request that the Stakeholders Committees provide responsive information and documents to the Board or, as applicable, to the Management Unit.

Section 3.3 Non-delegable responsibilities of the Board. The Board will have responsibility for considering and approving or disapproving the following items (and such responsibility may not be delegated to the Management Unit or otherwise):

- (a) each Procurement Plan and M&E Plan or any material modification thereto;
- (b) each Material Agreement or any modification, termination, or suspension of, or any other action that would have the effect of a modification, termination or suspension of, a Material Agreement;
- (c) any pledge of any Grant funding or any Program Assets, any incurrence of material indebtedness, or any guarantee, directly or indirectly, of any indebtedness;

(d) any disposition, in whole or in part, liquidation, dissolution, winding up, reorganization or other change, of MF-Kosovo, including any revocation of, or any modification or supplement to, any Governing Document;

(e) any change of any member of the Board (including any non-voting observer of the Board), of the member serving as the Chairperson or in the composition or size of the Board, and the filling of any vacant seat of any member of the Board (including any non-voting observer);

(f) the hiring, dismissal or filling of any vacant position of any Key Staff, the Chief Executive Officer of MF-Kosovo or the composition or size of the Management Unit;

(g) any material change in the composition or size of any Stakeholders Committee;

(h) Any formation or acquisition of a subsidiary or other affiliate of MF-Kosovo;

(i) any decision to amend, supplement, replace, terminate or otherwise change any of the foregoing; and

(j) any other document, agreement or proposed action identified under any Program Guidelines as being a document, agreement or action that must be approved by the Board.

Section 3.4 Executive Committee. The Board may, in accordance with the terms of the MCC Governance Guidelines, form an executive committee of its members authorized to take certain limited actions described below (the “**Executive Committee**”). If formed by the Board, the majority of the Executive Committee will be voting members of the Board, with at least one member appointed from the Non-Government Board Members. The Chief Executive Officer also will be a member of the Executive Committee. All Board members will be entitled to receive the documents provided to the Executive Committee and to participate as observers in the meetings of the Executive Committee upon request. The Board must review the actions of the Executive Committee for consistency with the Agreement, the Governing Documents and overall Program implementation during regular meetings of the Board. Notice of any actions taken and copies of any documents approved by the Executive Committee will be provided to all members of the Board within seven (7) calendar days following such action or approval. If formed, the Executive Committee may review and approve the following documents, if so authorized by a resolution of the Board:

(a) any request for Disbursement;

(b) any Implementation Plan Document other than Procurement Plans and any modification thereto;

(c) any Audit Plan and any modification thereto; and

(d) any Periodic Report.

To the extent an Executive Committee does not exist or these responsibilities have not been delegated to it by a resolution of the Board, the authority with respect to these actions and approvals may be delegated to the Chief Executive Officer (subject to the same review process set forth

above), but are not otherwise delegable by the Board and will be performed by the Board in accordance with Section 3.3 of this Statute.

Section 3.5 Other Committees. The Board may form other committees which make recommendations to the main Board as appropriate. Such committees may be composed of Voting Members and non-voting observers of the Board and such other persons that may have particular expertise necessary for the committee. The Board may rely on information, opinions, reports and the like prepared by committee the Board may create, but the members of the Board remain responsible for actually taking decisions on matters addressed or raised by committees or that are otherwise necessary or prudent on behalf of MF-Kosovo and the proper implementation of the Program.

Section 3.6 Fiduciary Duties of Board Members. Except for the non-voting MCC observer, the members of the Board will [owe a fiduciary duty to MF-Kosovo. They will discharge their responsibilities by staying informed and providing appropriate oversight of MF-Kosovo during Program implementation, and holding regular meetings to consider and approve activities of MF-Kosovo as necessary. Members of the Board are expected to exercise objective and independent judgment and discharge their duties in a manner that is in the best interests of the Program and MF-Kosovo.

Section 3.7 Composition. The Board initially will be comprised of seven voting members, and two non-voting observers.

(a) Voting Members.

The voting members of the Board will consist of four members nominated by the Government of Kosovo (each one a “**Government Board Member**” and collectively the “**Government Board Members**”); and three members from the private sector and/or civil society (each one a “**Non-Government Board Member**” and collectively, the “**Non-Government Board Members**”, and together with the Government Board Members, the “**Voting Members**”). The initial composition of Voting Members is as follows:

- (i) Chief of Staff of the Presidency;
- (ii) Chief of Staff of the office of the Prime Minister;
- (iii) Minister responsible for the energy sector;
- (iv) Minister responsible for the justice sector; and
- (v) Three members from the private sector and/or civil society.

(b) Non-Voting Observers.

- (i) The MCC Representative will serve as a non-voting observer of the Board.
- (ii) The CEO will serve as a non-voting observer of the Board.

Section 3.8 Selection; Appointment; Terms.

(a) Each Government Board Member will be a Minister or senior official from the applicable Ministry with the authority to act on behalf of and bind the Ministry he or she represents. Each Government Board Member will serve in his or her capacity as a Minister or Government official and not in a personal capacity. If a person serving as a Government Board Member resigns or is removed from such Government office, that person's position on the Board will be taken by such person's successor or another official acting in such Government capacity.

(b) The Non-Government Board Members will be selected through a transparent process established by the Stakeholders Committees or relevant non-governmental civil society and private sector organizations, as agreed with MCC.

(c) The term of office for Non-Government Board Members will be 4 years, which term of office may be renewed. In the event that a vacancy is created with respect to one or more Non-Government Board Members at any time, a successor will be selected in accordance with this Section 3.8.

Section 3.9 Compensation; Indemnification.

(a) Voting and non-voting observers of the Board will not be entitled to receive remuneration from Grant funding in connection with the performance of their duties as members of the Board except for reimbursement of reasonable expenses arising from their attendance at regular or special meetings, so long as such reimbursements are (i) consistent with the Agreement and the detailed budget for the Program, (ii) are made with the prior approval of MCC, and (iii) are in accordance with the MCC Cost Principles, which may be found on the MCC Website. Government Board Members are prohibited from receiving remuneration from the Government or any other source in connection with the performance of their Board duties. Non-Government Board Members are permitted to receive remuneration from Government sources or from Grant funding in connection with the performance of their Board duties, subject to the requirements set forth in the MCC Governance Guidelines. Non-voting observers are not permitted to receive remuneration from any source in connection with the performance of their Board duties.

(b) Pursuant to the Agreement, the Government is responsible for indemnifying and holding harmless each member of the Board, ***provided*** that the Government will have no obligation to indemnify any members if and to the extent that any such claims, losses, actions, liabilities, costs, damages or expenses are attributable to the fraud, gross negligence or willful misconduct of such member.

Section 3.10 Chairperson.

(a) The chairperson of the Board will be Chief of Staff of the Prime Minister, to serve for a term of two years. Succeeding chairperson will be the Chief of Staff of the President (the "***Chairperson***").

(b) The Chairperson will certify that (i) all documents and reports submitted to MCC by the Board in accordance with this Statute or the Agreement have been approved by the Board, and (ii) such submissions are true, accurate and complete.

Section 3.11 Role of Legal Advisor as Secretary to the Board.

(a) MF-Kosovo's Legal Advisor will act as the corporate secretary of MF-Kosovo (the "**Secretary**"); if the Legal Advisor is not available to perform the function of Secretary, the Chairperson may designate another member of Key Staff to serve as the Secretary until the Legal Advisor is available to perform such functions.

(b) The Secretary will be responsible for maintaining MF-Kosovo's corporate books and records at the offices of MF-Kosovo, giving notice of Board meetings, attending and keeping minutes of Board meetings, signing all documents on which the signature of the Secretary is necessary or appropriate, and attesting to the authenticity of any MF-Kosovo generated documents.

(c) The Secretary will prepare minutes that will include at a minimum, the agenda and information regarding when notice was delivered to the members of the Board, the list of attendees and absentees, and summaries of the discussion of agenda items and actions taken by the Board.

(d) The written minutes of each Board meeting will be published on MF-Kosovo's website within two weeks of the next Board meeting in accordance with the requirements of Section 6.3 of this Statute. While they can be published in other languages as well, the minutes are, at a minimum, to be recorded and published in English.

Section 3.12 Meetings; Decisions.

(a) The Board will hold as many meetings as are necessary to discharge its duties and ensure the effective implementation of the Program; such meetings will be at such times and at such places as may from time to time be determined by the Board. At a minimum, the Board will meet once a quarter for regular meetings.

(b) Each meeting of the Board will meet certain minimum standards in order to be considered a valid meeting at which actions taken by the Board are considered valid and effective. These standards will include the following:

(i) Notice. Adequate notice of meetings will be provided to all members of the Board. Notice for regular meetings will be delivered to each member of the Board at least seven (7) days prior to the date of such regular meeting. Notice for special meetings will be delivered to each member of the Board at least forty-eight (48) hours prior to the time of such special meeting. Such notice will (1) be given to both Voting Members and non-voting observers of the Board; (2) specify the date, time and location of the meeting; and (3) include a copy of an agenda of issues and documents to be considered. Notwithstanding the foregoing, (x) any member of the Board may waive, in writing, the requirement to receive notice in respect of any such meeting, and (y) the presence of a member of the Board at any such meeting will constitute waiver by such member of the requirement to receive notice of such meeting. A valid meeting of the Board may not be held unless each member of the Board receives notice (or waives or is deemed to waive notice) of such meeting.

(ii) Quorum. A quorum for all meetings of the Board will be 4 Voting Members consisting of (A) at least 2 Government Board Members and at least 1 Non-Government Board Member. The Voting Members may be represented by their alternates appointed pursuant to Section 3.12(c) of this Statute. If the size of the Board is altered with the approval of MCC, the thresholds for quorum and voting will also be adjusted in a manner approved by MCC. If a quorum is not present at any meeting of the Board, the members of the Board present at the meeting will adjourn the meeting until a quorum is present.

(iii) Voting.

(1) Except as provided in clause (2) below and Section 7.1 of this Statute, decisions of the Board will be taken by a majority of the Voting Members present at a meeting at which there is a quorum.

(2) Any decision to dispose of, in whole or in part, liquidate, dissolve, wind up, reorganize or effect other material change to MF-Kosovo will require approval of at least seventy-five percent (75%) of the Voting Members present at a meeting at which there is a quorum.

(3) Each Voting Member will have one vote.

(4) In the event of an equality of votes, the Chairperson presiding at the meeting will have a casting or tie-breaking vote.

(5) Each decision, election, appointment or action by the Board, whether specifically set forth in this Statute or otherwise, will be made in accordance with the procedure set forth in this Section 3.12(b).

(iv) Decisions without a meeting. Urgent decisions may be taken by the Board without a formal meeting if (a) a written draft resolution is circulated to all members of the Board and (b) at least a majority of Voting Members consent in writing to the resolution (of which at least 2 must be Government Board Members and at least 1 must be Non-Government Board Members).

(v) Meetings by Telephone Conference. Except as otherwise provided in this Statute, the members of the Board may participate in a meeting of the Board by means of a telephone conference or similar communications equipment that enables all persons participating in the meeting to hear and speak to each other. Participation in a Board meeting pursuant to this Section 3.12(b)(v) constitutes presence in person at such meeting.

(c) In the event that a Voting Member is unable to participate in a meeting of the Board, such Voting Member may appoint in writing, specifying the duration of such appointment, an alternate to participate for such Voting Member, ***provided, however,*** that (i) in the case of a

Government Board Member, such alternate will be such member's principal deputy or an official of equivalent authority from the same government body as the Voting Member, (ii) in the case of a Non-Government Board Member, such alternate must be approved by majority vote of the Voting Members present at such meeting, and (iii) in the case of the MCC Representative, MCC may designate an alternate representative in its sole discretion.

(d) The Chairperson will preside at every meeting of the Board and in the absence of the Chairperson, a Voting Member elected by a majority of the Voting Members present at the meeting will preside. Once Board members have had an opportunity to discuss a particular issue, the Chairperson will facilitate the decision-making process and formal action by the Board to approve, disapprove or delay its decision on the item or document.

(e) The Board will ensure that MF-Kosovo will not take (or fail to take) any action with respect to which MCC approval is required pursuant to the Agreement, any Governing Document, any Implementation Plan Document, any other Supplemental Agreement, or any Program Guidelines without in each case obtaining the prior approval of MCC (which approval will be in writing unless otherwise indicated).

Section 3.13 MCC Representative.

(a) MCC's Resident Country Director for Kosovo, or such other person as MCC may appoint (the "***MCC Representative***"), will participate in all Board meetings. This will include the right to attend all Board meetings, participate in Board discussions, and receive and review all correspondence and documentation provided to the Board.

(b) The MCC Representative represents MCC's interests with respect to implementation of and compliance with the Agreement, and does not owe any fiduciary duty to MF-Kosovo.

ARTICLE 4. MANAGEMENT UNIT

Section 4.1 Role and Duties of Management Unit.

(a) The Management Unit will have the principal responsibility (subject to the direction and oversight of the Board, and to any applicable approval or other rights of MCC) for the day-to-day management of the Program, including those roles and responsibilities specifically set forth in the Agreement. The specific duties of the Management Unit include the following:

- (i) development and administration of financial, procurement, monitoring and evaluation, fiscal accountability, work, audit and staffing plans;
- (ii) maintenance of accounting records for the Program and its Projects;
- (iii) preparation, review and submission of reports regarding finances, accounting, audits, monitoring and evaluation, procurement and performance of MF-Kosovo and the Program, including all compliance reports required under the Agreement and applicable law, and such other reports and accounts as may be required by the Board;

(iv) coordination of the Program and the Projects consistent with the Agreement and any other Supplemental Agreements;

(v) management, implementation and coordination of all components of the M&E Plan;

(vi) preparation of the Disbursement Requests (as defined in the Agreement) to be submitted to MCC;

(vii) ongoing oversight of procurements and procurement-related activities in accordance with the MCC Program Procurement Guidelines as required by the Agreement;

(viii) preparation and submission of appropriate documentation pertaining to the tax exemption of Grant funding required by Section 2.5 of the Agreement;

(ix) acquisition and maintenance of a management information system to allow the systematic tracking of programmatic and financial implementation of, and performance under, the Agreement, including for each Project;

(x) administration of the website operated by MF-Kosovo ("***MF-Kosovo Website***") to post current information about Program related activities, M&E Plan reporting, financial reporting, and Program related procurements;

(xi) development, oversight, management, coordination and implementation of such policies and procedures as may be necessary to facilitate the effective implementation of the Program and as may be advisable in connection with any Supplemental Agreement, and such other policies, procedures or activities as may be required or requested by the Board in furtherance of the Agreement;

(xii) provision of the advice and written recommendations to the Board in matters requiring Board actions and, in connection therewith, the Management Unit will prepare and submit to the Board the relevant agreements, documents or actions to be approved, along with a written recommendation to the Board on how to proceed with such agreements, documents or action needed to support such recommendation;

(xiii) preparation of and submission to the Board of any other report, document, agreement or action required by the Agreement or other Supplemental Agreement, or as may be designated or requested by the Board from time to time, along with the written recommendation to the Board on how to proceed;

(xiv) reporting to and meeting with the Stakeholders Committees on at least a quarterly basis with respect to the MF-Kosovo Program implementation progress; and

(xv) undertaking any other responsibilities within the scope of Program implementation that may be required or requested from time to time by the Board, and any other responsibilities set forth in the Agreement, or any other Supplemental Agreement.

(b) All plans, reports, and other documents delivered to MF-Kosovo's Board will also be delivered by the Management Unit to MCC.

(c) Each member of the Management Unit will exercise his or her duties solely in accordance with the best interests of MF-Kosovo, the Program, the Program Goal and the Project Objectives, and will not undertake any action that is contrary to those interests or would result in personal gain or a conflict of interest.

Section 4.2 Composition.

(a) The Management Unit will include the following positions (each, a "**Key Staff**"): (1) Chief Executive Officer ("**Chief Executive Officer**" or "**CEO**"); (2) Director of Administration and Finance; (3) Procurement Manager/Specialist, (4) Legal Advisor; (5) Environment and Social Performance Specialist, (6) Monitoring and Evaluation Specialist, (7) Social and Gender Specialist; (8) Governance Project Director; (9) Energy Project Director; (10) Project Specialists; and (11) such other Key Staff as may be agreed upon by the Government and MCC. Other Key Staff, non-Key Staff, and interns financed by resources of the Government of Kosovo or by other donors may be added after obtaining the prior written approval of MCC.

(b) The CEO will manage the day-to-day activities of MF-Kosovo. The CEO may (1) enter into contracts on behalf of MF-Kosovo, subject to the prior approval of the Board and MCC if required herein, in the Agreement, any Supplemental Agreement or any Program Guidelines; and (2) review and, if delegated by the Board by resolution, approve Disbursement Requests to be submitted to MCC. Copies of any Disbursement Requests so approved will be submitted to the Board within 7 calendar days after such approval.

(c) The Key Staff will be supported by appropriate administrative and other personnel as needed and in accordance with the staffing plan agreed with MCC and the Detailed Financial Plan.

Section 4.3 Selection; Appointment; Dismissal.

(a) The CEO will be selected and hired, subject to MCC's approval, by the Board after an open and competitive recruitment and selection process. MF-Kosovo will be responsible for and will take all necessary action with respect to any misconduct or failure of any Key Staff retained by MF-Kosovo.

(b) The Key Staff (not including the CEO) and non-Key Staff of the Management Unit will be selected and hired by the CEO. The Key-Staff will be selected following an open and competitive recruitment and selection process. MF-Kosovo will use only qualified and experienced staff for the performance of its responsibilities under the Agreement and other Supplemental Agreements. MF-Kosovo will be responsible for and will take all necessary action with respect to any misconduct or failure of any staff retained by MF-Kosovo.

(c) The terms of employment for each Key Staff and for any other employee will be governed by an employment agreement, subject to MCC's approval, to be entered into between MF-Kosovo and each such employee. MCC will not have any direct or indirect liability under such agreements or arrangements.

(d) The appointment and dismissal of each Key Staff (and the terms of their respective employment agreements) will be subject to the prior approval of MCC.

(e) The CEO, Key Staff and staff of the Management Unit may be nationals of Kosovo. They will not be considered civil servants pursuant to the Law on Civil Service.

Section 4.4 Remuneration. The remuneration of each member of the Management Unit will be determined by the Board, *provided, however*, that such remuneration will be approved in advance by MCC and comply with the Detailed Financial Plan and the standards provided in the MCC Cost Principles, which may be found on the MCC Website.

ARTICLE 5. STAKEHOLDERS COMMITTEES

Section 5.1 Role of the Stakeholders Committees.

(a) Stakeholders Committees, each in form satisfactory to MCC, will be created to represent the constituencies of the various Projects. MF-Kosovo will use the Stakeholders Committees to continue the consultative process throughout Program implementation. The Stakeholders Committees will be used primarily to inform the various constituent groups about Program implementation and provide advice and input to MF-Kosovo concerning the Program, with the goal of promoting transparency. To that end:

(i) the MF-Kosovo Project directors will present Program-related matters to the Stakeholders Committees and report back to the Board on the advice provided by them, and regular, periodic interaction between MF-Kosovo and the Stakeholders Committees is anticipated; and

(ii) each Stakeholders Committee will (1) engage the various constituents and intended beneficiaries of the Program on the Program's implementation; (2) provide advice, guidance, and recommendations to MF-Kosovo with respect to the implementation of the Program; and (3) propose candidates for the private sector and/or civil society members of the Board.

(b) At the request of the Board, a Stakeholders Committee will be responsible for reviewing certain reports, agreements, and documents, including the Implementation Plan Documents and the M&E Plan, and providing recommendations to the Board regarding the implementation of the Program. The Board will exercise discretion in choosing which documents, agreements and reports to disclose to any Stakeholders Committee for its review and, subject to appropriate treatment of such information and documents by the members of the Stakeholders Committee, will generally include all documents, agreements and reports except for those which may impede execution of the Program or violate confidentiality. Members of the Stakeholders

Committees will regularly have the opportunity to present their views and recommendations to the Management Unit and the Board. Members of the Stakeholders Committees will be accessible to the beneficiaries they represent in order to receive their comments or suggestions regarding the Program.

Section 5.2 Composition.

(a) The size, composition, and manner of selection of members of the Stakeholders Committees will be agreed between the Government and MCC and ratified by the Board. These matters will be dictated by the Project areas and scope of the Program. The membership will, however, include Government, the private sector, civil society and all structures that were consulted in developing the Program.

(b) The “government” representation in the membership of the Stakeholders Committees will be the local and regional governments that were consulted by the Government in the development of the Program. The non-governmental organizations, civil society and private sector representatives will not be selected by the Government, but rather through a transparent process established by the Stakeholders Committees and as agreed to by MCC.

Section 5.3 Appointment; Term. The term of service for members of each Stakeholders Committee will be two years, which term of service may be renewed.

Section 5.4 Meetings; Decisions.

(a) Each Stakeholders Committee will hold the number of periodic general meetings per year that may be required to discharge its functions.

(b) In compliance with requirements of the Agreement, the MCC Governance Guidelines and related Governing Documents, each Stakeholders Committee will prepare written summaries of its meetings, including, but not limited to, the following information for each meeting: names of all attendees, agenda items discussed and recommendations made by the Stakeholders Committee at the meeting.

(c) Adequate notice of meetings will be provided to all members of the Advisory Board and Stakeholders Committee. At least seven (7) days prior written notice will be provided for general meetings.

(d) A majority of the members of the Stakeholders Committee will constitute a quorum at any meeting.

(e) Each Stakeholders Committee and its members will be subject to the same conflict of interest and confidentiality rules contemplated in Article 6 of this Statute.

Section 5.5 Compensation. Members of the Stakeholders Committee will not be entitled to receive remuneration in connection with the performance of their duties as members. Members of the Stakeholders Committee may be entitled to reimbursement for reasonable expenditures arising from their attendance at Stakeholder Committee meetings as budgeted for and approved by the Board, with the prior approval of MCC.

ARTICLE 6. POLICIES OF MF-KOSOVO

Section 6.1 Conflict of Interest Policy.

(a) MF-Kosovo will develop and maintain a conflict of interest policy designed to ensure that no director, Key Staff, employee, subcontractor, affiliate, agent, advisor or representative of MF-Kosovo will participate in the selection, award or administration of a contract, grant or other benefit or transaction financed in whole or in part (directly or indirectly) by Grant funding in which (i) the entity, person, members of the person's immediate family or household or his or her business partners, or organizations controlled by or substantially involving such person or entity, has or have a financial interest, or (ii) the person is negotiating or has any arrangement concerning prospective employment, unless such person or entity has first disclosed in writing to MF-Kosovo and MCC the conflict of interest and, following such disclosure, MF-Kosovo and MCC have agreed in writing to proceed notwithstanding such conflict. MF-Kosovo's directors, Key Staff, employees, contractors, subcontractors, affiliates, agents, advisors and representatives will not, and MF-Kosovo will ensure that no person or entity involved in the selection, award, administration or implementation of any contract, grant, or other benefit or transaction financed in whole or in part (directly or indirectly) by Grant funding will, solicit or accept or offer a third-party or seek or be promised directly or indirectly for itself or for another person or entity any gift, gratuity, favor or benefit, other than items of *de minimis* value and otherwise consistent with such guidelines that MCC may provide from time to time. None of MF-Kosovo's directors, Key Staff, employees, contractors, subcontractors, affiliates, agents, advisors and representatives active in the Program will engage in any activity which is, or gives the appearance of being, a conflict of interest.

(b) Except for the MCC Representative on the Board, all Board members, Key Staff, employees and agents of MF-Kosovo and members of the Stakeholders Committees will assume a duty of undivided loyalty to MF-Kosovo when making decisions impacting or in respect of MF-Kosovo. In this regard, the Board will formulate and adopt a conflict of interest policy (as approved by MCC) to protect and preserve the integrity of MF-Kosovo's internal decision-making process and to prevent the personal interests of persons involved in that process from compromising the performance of their duties to MF-Kosovo. The policy will address, among other things, the matters discussed in Section 6.1(a) of this Statute and will require all Board members, Key Staff, employees and agents of MF-Kosovo, and members of the Stakeholder Committees, to disclose potential conflicts of interest prior to deliberating upon or handling a transaction that poses a potential conflict of interest. Potential conflicts of interest include not only situations in which a person covered directly by the policy is involved, but also decisions in which members of such person's immediate family or household, the person's business partner(s), or entities or organizations controlled by or substantially involving (whether directly or indirectly) such person, has or have an interest.

(c) If any such person has or acquires any pecuniary interest, direct or indirect, in any matter and is present at a meeting of the Board, Management Unit deliberation, or any Stakeholder Committee's meeting at which the matter is the subject of consideration, the concerned person will as soon as practicable after the commencement of the meeting, disclose all material facts, and will

not take part in the consideration or discussion of the matter or vote on any question with respect to the matter.

(d) Board members, Key Staff, employees and agents of MF-Kosovo and members of the Stakeholder Committees will comply with the conflicts of interest policy adopted by the Board, and, for Key Staff and employees, the policy will be incorporated by reference into the employment agreements entered into between MF-Kosovo and each such person.

Section 6.2 Confidentiality Policy.

(a) Subject to Section 6.3 of this Statute, all documents, reports, cost estimates, technical data and information concerning the Program that is not otherwise publicly available will be treated by the Board, the Management Unit and the Stakeholders Committees confidentially in a reasonable and appropriate manner and in accordance with applicable professional standards, ***provided, however,*** all such documents, reports, cost estimates, technical data and other information may be provided by MCC to any employees, contractors, agents, representatives of MCC, any United States inspector general, the United States General Accountability Office, or others designated by MCC.

(b) The Board and the Management Unit will ensure that only those with a need to know and under similar obligations of confidentiality will have access to any and all documents, reports, cost estimates, technical data and other information provided to such party or otherwise generated in connection with this Statute and the Program.

(c) Board members, Key Staff, employees and agents of MF-Kosovo and members of the Stakeholder Committees will comply with the confidentiality policy in this Section 6.2 or that confidentiality policy adopted by the Board, and, for Key Staff and employees, the policy will be incorporated by reference into the employment agreements entered into between MF-Kosovo and each such person.

Section 6.3 Transparency Policy.

(a) Transparency and accountability to MCC and to the beneficiaries of the Program are critical aspects of the Program. Transparency is essential for facilitating accountability. In an effort to achieve these goals, MF-Kosovo will, among other requirements included in the Agreement:

(i) develop and maintain the MF-Kosovo Website in a timely, accurate and appropriately comprehensive manner;

(ii) post on the MF-Kosovo Website, the important documents of the Program including the Agreement, minutes of meetings and other agreements specified in the Agreement or contemplated in the MCC Governance Guidelines; and

(iii) establish an e-mail suggestion box as well as a means for other written comments that interested persons can use to communicate ideas, suggestions or feedback to MF-Kosovo.

Section 6.4 Audit Policy.

(a) Audits performed on MF-Kosovo will be performed by an independent external auditor appointed by MF-Kosovo and approved by MCC, and in conformance with the requirements of the Agreement.

(b) The office of the Kosovo Auditor General may be consulted even though the audits of MF-Kosovo will be performed by an independent auditor.

ARTICLE 7. MISCELLANEOUS

Section 7.1 Amendments.

(a) This Statute and any other Governing Document may be altered, amended or repealed at any regular or special meeting of the Board by majority vote of at least fifty-one percent (51%) of the Voting Members present at a meeting at which there is a quorum in accordance with Section 3.12(b)(ii) of this Statute, *provided, however*, that any such alteration, amendment or repeal will be subject to MCC approval.

(b) Prior notice of such actions must be sent to MCC through the MCC Representative.

(c) The Board will not have the power to alter or amend the Bylaws in such manner as to create a conflict with the terms of the Agreement or any other Supplemental Agreement.

Section 7.2 Conflict. In the event of conflict between the terms of this Statute and the Agreement or any of the Program Guidelines, the provisions of the Agreement or the Program Guidelines, as the case may be, will prevail.

Section 7.3 Defined Terms. Capitalized terms used in this Statute and not defined in this Statute will have the following meanings:

“Board” has the meaning provided in Section 1.3 of this Statute.

“Chairperson” has the meaning provided in Section 3.10(a) of this Statute.

“Chief Executive Officer” or *“CEO”* has the meaning provided in Section 4.2(a) of this Statute.

“Agreement” means that certain Threshold Program Grant Agreement, by and between the United States of America, acting through the Millennium Challenge Corporation and the Republic of Kosovo, acting through the President of the Republic of Kosovo, signed on 12th of September 2017, as amended or otherwise modified from time to time.

“Designated Rights and Responsibilities” has the meaning provided in the Agreement.

“Detailed Financial Plan” has the meaning provided in the Agreement.

“Disbursement” has the meaning provided in the Agreement.

“Enabling Statute” has the meaning provided in Section 1.1 of this Statute.

“Executive Committee” has the meaning provided in Section 3.4 of this Statute.

“Governing Document” has the meaning provided in of the Agreement.

“Government” has the meaning provided in the Agreement.

“Government Board Members” has the meaning provided in Section 3.7(a) of this Statute.

“Grant funding” has the meaning provided in the Agreement.

“Implementation Plan Document” has the meaning provided in the Agreement.

“Key Staff” has the meaning provided in Section 4.2(a) of this Statute.

“M&E Plan” has the meaning provided in the Agreement.

“Management Unit” has the meaning provided in Section 1.3 of this Statute.

“Material Agreement” has the meaning provided in the Agreement.

“MF-Kosovo Website” has the meaning provided in Section 4.1(a)(x) of this Statute.

“MCC Cost Principles” has the meaning provided in the Agreement.

“MCC Governance Guidelines” has the meaning provided in the Agreement.

“MCC Program Procurement Guidelines” has the meaning provided in the Agreement.

“MCC Representative” has the meaning provided in Section 3.13(a) of this Statute.

“MCC Website” has the meaning provided in the Agreement.

“Non-Government Board Members” has the meaning provided in Section 3.7(a) of this Statute.

“Procurement Plan” has the meaning provided in the Agreement.

“Program” has the meaning provided in the Agreement.

“Program Asset” has the meaning provided in the Agreement.

“Program Guidelines” has the meaning provided in the Agreement.

“Project” has the meaning provided in the Agreement.

“Secretary” has the meaning provided in Section 3.11(a) of this Statute.

“Stakeholders Committee” has the meaning provided in Section 1.3 of this Statute.

“Supplemental Agreement” means any agreement between (A) the Government (or any Government affiliate, including MF-Kosovo) and MCC, or (B) MCC and/or the Government (or any Government affiliate, including MF-Kosovo), on the one hand, and any third party, on the other hand, including any of the Providers, in each case, setting forth the details of any funding, implementing or other arrangements in furtherance of, and in compliance with, this Agreement.

“Voting Members” has the meaning provided in Section 3.7(a) of this Statute.

This Statute shall enter into force on the date of its approval by the MFK Board of Directors and MCC.

Chairperson of the MFK Board of Directors: _____

Date and Signature